

**DEPARTMENT OF TRANSPORTATION
AND RELATED AGENCIES APPROPRIA-
TIONS FOR FISCAL YEAR 1987**

HEARINGS

BEFORE A

**SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE**

NINETY-NINTH CONGRESS

SECOND SESSION

ON

H.R. 5205

**AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF TRANS-
PORTATION AND RELATED AGENCIES FOR THE FISCAL YEAR ENDING
SEPTEMBER 30, 1987, AND FOR OTHER PURPOSES**

PART 3 (Pages 1-458)

NONDEPARTMENTAL WITNESSES

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DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1987

TUESDAY, MAY 13, 1986

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Mark Andrews (chairman) presiding.

Present: Senators Andrews, D'Amato, and Chiles.

NONDEPARTMENTAL WITNESSES

SUBCOMMITTEE PROCEDURE

Senator ANDREWS. The subcommittee will come to order. Today is the first day of a number of hearings of outside witnesses. As in years past, the subcommittee has requests from about 60 persons and organizations to be heard on a wide range of transportation issues.

In view of this, I would like to remind witnesses of our procedure by which the red light goes on after 5 minutes. I encourage you to summarize in less time in order to leave time for questions. In other words, if you want to make a good record, if I have some questions, I get a chance for answers.

Your prepared statement is going to appear in the record as though you have uttered every word.

We use this procedure, of course, to make sure everyone has a chance to be heard. Of course, the full text of the witnesses' statements are made a part of the official record, as well as other materials submitted to the subcommittee.

I also would imagine that if we begin falling behind inadvertently, either the gavel will begin to go and/or we will begin to give opportunities for catchup for those people who want to testify under the 2-minute rule. That gets us back on schedule. It is amazing how well that works, but, of course, that will be a voluntary thing.

If we have a break for lunch, I am sure nobody wants to come back after lunch or later in the afternoon because you all have planes to take you back where you have come from. So with that in mind, you know the ground rules.

It is a privilege to have as our first witness appearing for the Metropolitan Atlanta Rapid Transit Authority, Senator Mack Mattingly, a very valued friend of this committee and a good friend of all of ours. Mack, good to have you here.

Senator MATTINGLY. Thank you, Mr. Chairman.

Senator ANDREWS. Our friend, Senator D'Amato, wants to rain words of praise on you, Mack. Does this come out of his time or your time?

Senator D'AMATO. I am deeply appreciative of the great support that Senator Mattingly has given to mass transportation, not only in his own great State as it relates to his people and their needs, but also throughout this Nation.

Mr. Chairman, I have a statement that I would like to submit for the record.

Senator ANDREWS. Without objection.

[The statement of Senator D'Amato follows:]

STATEMENT OF SENATOR ALFONSE M. D'AMATO

Mr. Chairman, I appreciate this opportunity to make a few comments regarding the subcommittee's hearings to receive the testimony of public witnesses. At these hearings we will discuss the views of outside witnesses with respect to the proposed fiscal year 1987 budget for the Department of Transportation [DOT]. The public witnesses share the subcommittee's interest in improving this Nation's transportation network, and I welcome them all to these proceedings.

We have just completed many weeks of hearings at which DOT's various agency administrators have presented their justifications for the administration's fiscal year 1987 budget request. I have made my views clear regarding many items of concern to me in the DOT budget including the unacceptable cuts proposed for transit and Amtrak. I look forward to hearing the testimony of the many different public witnesses who will offer their views for our consideration.

Thank you, Mr. Chairman.

CONGRESSIONAL WITNESSES

STATEMENT OF HON. MACK MATTINGLY, U.S. SENATOR FROM GEORGIA

Senator MATTINGLY. Thank you, Mr. Chairman. Thank you, Senator D'Amato. I will hold my remarks to the 5-minute limit. I also would like to submit for the record a copy of the report, "MARTA's North-South Line Airport to Doraville."

Senator ANDREWS. That will be made a part of the record.

Senator MATTINGLY. About this time last year I appeared before your subcommittee to testify on behalf of what I consider the best comprehensive bus/rail mass transit system in the country, MARTA. Because MARTA has demonstrated such an outstanding track record since its inception, you and the other members of the subcommittee were generous in your fiscal year 1986 appropriation for MARTA, and for that I, the people of Atlanta, the people of Georgia, and the people of the Southeast thank you. With your continued support of MARTA, it can complete its North-South line. This would be a tremendous achievement.

MARTA continues to be a success story. Construction on MARTA is moving ahead on schedule. Daily ridership on the existing rail system is

approximately 180,000. When the Doraville to the Airport segment is completed, the ridership will reach between 230,000 and a quarter million passengers per day.

This is quite an accomplishment and a testimony to MARTA's cost effectiveness. Construction on this remaining 10 miles of the North-South line is steadily moving ahead. Plans include opening another station later this year, one in 1987, two in 1988, and the final station is expected to open in 1989.

This North-South line is the most productive segment of the entire MARTA system. It will link the world's largest and second busiest airport, the central business district, and the northeast quadrant of the region, which in terms of jobs is the fastest growing section in the region. MARTA's continued progress is essential to support the continued extraordinary growth taking place in this region.

MARTA has developed an energetic plan that is a model for Federal and local partnership. It is the kind of plan that we in the Congress like to see.

MARTA is investing approximately a half billion dollars of local money in order to construct a rapid rail system in the most cost-effective timeframe and to avoid the rapid escalation of construction costs. MARTA can do this because back in 1971 the people of Atlanta voted to levy a 1-percent sales tax to build and operate a rapid rail system and to provide comprehensive mass transit service to metropolitan Atlanta.

Mr. Chairman, MARTA is currently requesting \$118 million. If this amount were granted, the Federal share of the 19-mile extension announced 4 years ago will be 43 percent, and the local share will be 57 percent. There is no doubt there is a very strong commitment by the Atlanta area to see the completion and the operation of its mass transit system.

MARTA's success also stretches into a very special area—minority business participation. Of the contracts MARTA has awarded so far, minority businesses have received more than 20 percent, female businesses more than 5 percent. So MARTA rightly deserves the many awards it has received from minority business trade association and contractor groups for its efforts.

Mr. Chairman, I would never testify on behalf of a project which was not efficient or cost effective. In the case of MARTA, I have no reservations at all. The system is a prototype of the Federal/local/private partnership. MARTA has reaffirmed its commitment to continue to carry more than its share of the load. If the system can receive the requested funding, then its plans can be completed.

I might add, Mr. Chairman, there is another significant element to completing MARTA and the funding of MARTA. In 1988 the Presidential campaign will be underway, and there are going to be conventions held. We in the State of Georgia and the Atlanta area are going to compete for both the Republican and Democratic conventions. Hopefully, one of them will come to our city.

I think it would be vital and very important that the airport to downtown Atlanta be completed in order that it may service the many nonpartisan members who will be coming to Atlanta to participate in one of our national conventions. It will be a big plus for Atlanta if we receive either the Democratic or the Republican convention. Preferably I would like to have the Republican convention, but we will take either one.

I would urge your careful consideration and support of this request, Mr. Chairman. I thank you for your time and your attention.

Senator ANDREWS. Thank you very much, Senator, for an excellent statement.

Is \$118 million the full amount of Federal funding necessary to complete the project?

Senator MATTINGLY. The total amount of the project for the North-South route, that is correct, sir.

Senator ANDREWS. What percent of operating costs are you recovering at the fare box?

Senator MATTINGLY. Thirty-five percent.

Senator ANDREWS. Thank you very much, Senator. Good to have you here.

[The information follows:]

MARTA'S NORTH-SOUTH LINE AIRPORT TO DORAVILLE

EXECUTIVE SUMMARY

A. System Development

The 53-mile MARTA Rail System is divided into five phases. Phases A and B plus Brookhaven Station, consisting of 25 miles of track and 25 stations, are in service (see map). The Urban Mass Transportation Administration (UMTA) has contributed \$1.2 billion or 71% towards the \$1.8 billion cost.

Phase C, which runs from Lenox to Doraville on the North Line and Lakewood to the Airport on the South Line, consists of 12 miles of track and 6 stations.

- * The Brookhaven segment, built entirely with local funds, is already in service.
- * Construction is under way on the following segments with opening dates shown:

East Point	August 1986
Chamblee	December 1987
College Park/Airport	June 1988

No federal Section 3 funds have been used to date on these segments, although MARTA has requested approximately \$184 million in federal funds.

- * Design work for the Doraville segment is in progress.

Phases D and E comprise 18 miles and 10 stations and will be constructed after Phase C along with two busways.

B. Benefits of System Expansion

The extensions of the North-South Line constitute the most cost-effective segments of the MARTA Rail System.

Ridership

The North-South Line was extended by nine miles and five stations in December 1984. The results have been dramatic:

- * Rail/bus system patronage increased by 15% to a record 75 million annual trips.
- * Daily ridership increased by 33,000 which means fewer cars using congested highways.
- * Daily ridership on the existing rail system is approximately 180,000. When the Doraville to Airport segment is completed, rail ridership will reach 230-250,000 daily passengers.
- * MARTA's rail ridership compares favorably with other rapid transit systems: on a per station basis, MARTA's ridership exceeds all U.S. systems except New York.

Operating Cost - MARTA has now reached the point where it is significantly cheaper to transport a boarding passenger by rail than by bus: 55¢ vs. 86¢. Also, MARTA's total cost per linked trip is now \$1.57--less than it was four years ago in spite of inflation. As the North-South Line is extended, further productivity increases will be achieved.

Travel Time - As the North-South Line is extended, significant additional travel time benefits accrue to MARTA riders. A trip from Oakland City to Lenox Square takes 19 minutes; the comparable bus trip took about 55 minutes. The Airport Station will be only 15 minutes from downtown.

Phase C Extension - The extension to the Airport will be the most cost-effective segment of the system, serving the busiest airport in the world. It will provide the best downtown-to-airport connection of any American city. In addition to serving air passengers, it will link central city residential areas to the 35,000 jobs at the Airport.

On the north, Phase C is anchored by the Doraville Station which is located in one of the fastest growing and most congested sectors in the Atlanta area. The sector including Doraville experienced growth in jobs of 80,000 between 1970 and 1980; MARTA will make these jobs more accessible to central city residents.

C. Local Financial Commitment: 57% Local: 43% Federal

In 1971 when the voters approved the 1% MARTA tax, a comprehensive public transportation improvement program was also approved, including short-range improvements for the bus system, as well as the construction of the rapid transit system. Approximately 50% of the sales tax revenue is used for MARTA's capital programs, while the other 50%, along with operating revenues, is used to provide a stable and dependable funding source for MARTA's operations.

MARTA has used the local sales tax to provide much of the funding for extension of the North-South Line. MARTA's share of the cost of the extensions beyond Arts Center and West End is projected to be \$630 million, or 57% - much higher than the required 25%.

FY87 FEDERAL FUNDING REQUIREMENT

- \$534 million is needed to complete the North-South Line.
- MARTA currently expects to receive approximately \$96 million of this amount in Fiscal Year 1986 Section 3 funds already appropriated and from Section 9 formula funds (FY86 and FY87).
- MARTA will provide \$320 million in local funds from sales tax revenues and additional bond sales.
- AN ADDITIONAL \$118 MILLION IS NEEDED IN FY87 UMTA DISCRETIONARY (SECTION 3) FUNDS TO COMPLETE THE NORTH-SOUTH LINE.

MARTA's NORTH-SOUTH LINE-AIRPORT TO DORAVILLE

GOAL

MARTA's near term goal is to complete the North-South Line from the Hartsfield Atlanta International Airport to Doraville in the 1988-1990 time frame, thus placing in service over 23 miles of high-speed rail transit and 18 stations in one of the most heavily travelled corridors in metropolitan Atlanta. Completion of the North-South Line will link three of the major employment centers in this region: the North-Northeast Sector, with 157,000 jobs; the Central Business District with 95,000 jobs, and the Airport area with more than 35,000 jobs. Rail ridership will increase from the current 180,000 per day to an estimated 230-250,000 per day.

FY87 FEDERAL FUNDING REQUIREMENT

- \$534 million is needed to complete the North-South Line.
- MARTA currently expects to receive approximately \$96 million of this amount in federal funds: \$66 million in Fiscal Year 1986 Section 3 funds already appropriated, and \$30 million from Section 9 formula funds (FY86 and FY87).
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- * Design work for the Doraville segment is in progress, with completion forecast for 1989 or 1990.

Phases D and E comprise 18 miles and 10 stations and will be constructed after Phase C along with two busways.

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Travel Time - As the North-South Line is extended, significant additional travel time benefits accrue to MARTA riders. A trip from Oakland City to Lenox Square now takes 19 minutes; the comparable bus

trip took about 55 minutes. The Airport Station will be only 15 minutes from downtown.

Development - The MARTA System has already stimulated a building boom around many stations. Georgia Pacific and Southern Bell have built 50-story office buildings adjacent to the Peachtree Center and North Avenue Stations. IBM is building a 50-story tower on land leased from MARTA at Arts Center Station. Several major office and hotel projects are underway at Lenox Station.

Phase C Extensions - The extension to the Airport will be the most cost-effective segment of the system, serving the busiest airport in the world. It will provide the best downtown-to-airport connection of any American city. In addition to serving air passengers, it will link central city residential areas to the 35,000 jobs at the Airport.

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MARTA has used the local sales tax to provide much of the funding for extension of the North-South Line. MARTA's share of the cost of the extensions beyond Arts Center and West End is projected to be \$630

million, or 57% of the total; this is much higher than the required 25% local share.

D. Governmental and Community Support

Local

MARTA enjoys the support of local governmental and civic leaders, business leaders, the media and the general public. An indication of the intensity of this support was exhibited during President Reagan's visit to Atlanta in 1984 at which time the President of the Atlanta Chamber of Commerce singled out the completion of the MARTA System as the most critical local need.

State

The Georgia General Assembly continues to pass legislation to assist MARTA in cost-control measures and in financing the rail construction program. The Legislature in 1983 extended the MARTA sales tax at a full 1% until 2012. In its 1986 session, the Legislature amended the state MARTA Act to insure MARTA's continued eligibility to receive federal funds. A 1985 federal court ruling had denied future funding until the Act complied with Section 13 (c) of the UMTA Act. The amended Act meticulously followed the Court's guidance toward compliance such that the amendments were sufficient for recertification.

In addition, the State Department of Transportation and MARTA cooperate and share expenses when highway and transit projects interface in the same corridor.

Congressional Support

There continues to be strong bi-partisan support for the MARTA project in the Georgia Congressional Delegation.

E. Private Sector Support

Private sector support for MARTA's transit program has focused primarily on three areas:

- * Public/private joint financing of feasibility studies aimed at producing action plans for revitalizing and strengthening areas surrounding transit station.
- * Coordination and cost-sharing of joint development projects such as the construction of the 1.9 million square foot Southern Bell Telephone Company headquarters building in the North Avenue Station air rights (the station and the office building, along with an adjacent retail mall, were built simultaneously on a site that was acquired jointly).
- * Leasing of station area property rights to generate income for transit; MARTA has executed two major long-term lease transactions at the Arts Center and Lenox Stations in which MARTA receives approximately \$500,000 annually for each transaction.

F. Participation of Disadvantaged and Minority Businesses

Minority firms and female firms have received almost \$224 million in total contracts from MARTA. This amounts to 20% minority and 5% female participation.

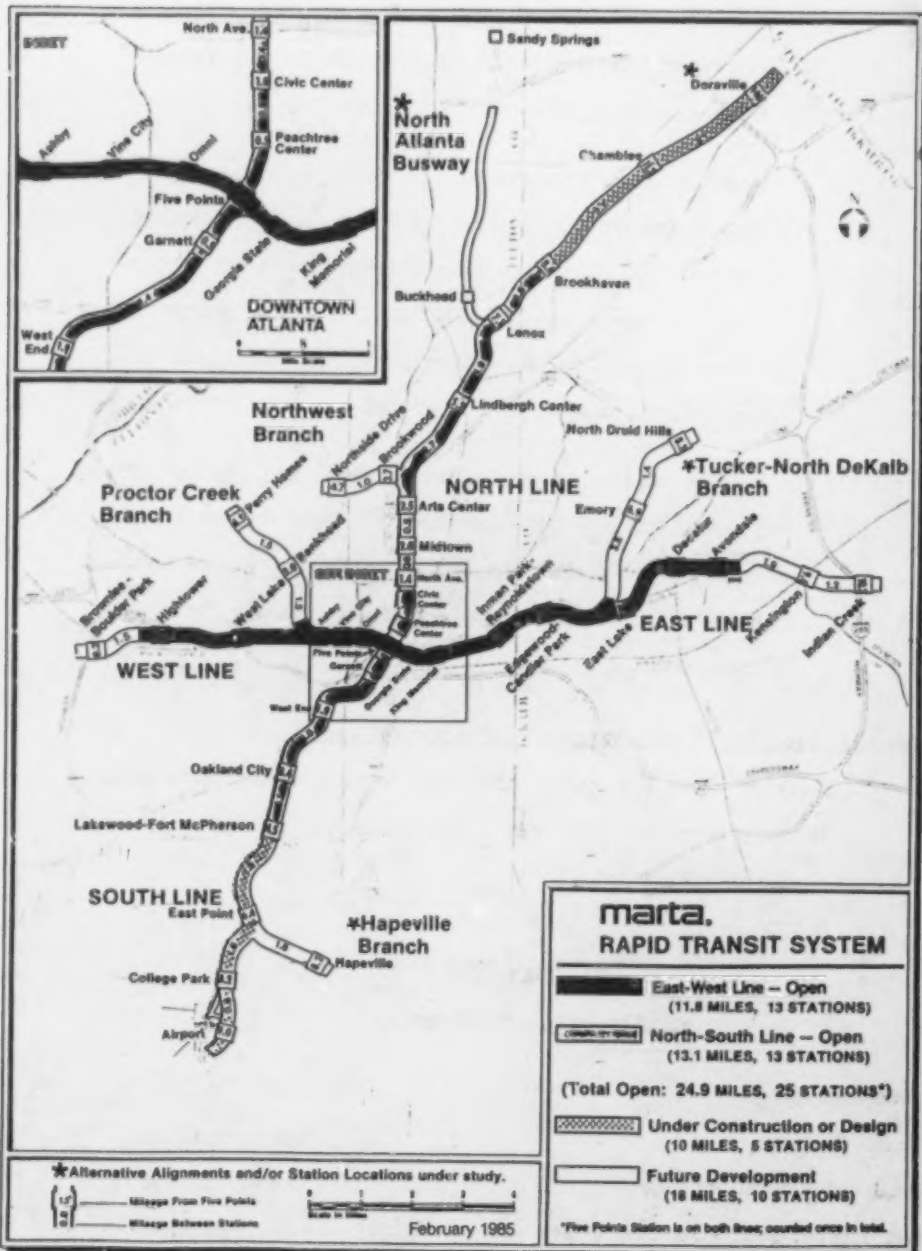
NORTH/SOUTH LINE

FEDERAL FUNDING REQUIREMENT

Cost-to-complete	\$534	Million
Local Funding	<u>-320</u>	Million
Required Federal Funding	214	Million
Anticipated Sec. 9 Funding (FY86-FY87)	- 30	Million
Anticipated Sec. 3 Funding (FY86)	<u>- 66</u>	Million
Additional Sec. 3 Funds Required (FY87)	\$118	Million

Final UMTA/MARTA Matching Share: 43% UMTA

57% MARTA



GENERAL ACCOUNTING OFFICE

STATEMENT OF HERBERT R. McLURE, ASSOCIATE DIRECTOR, RESOURCES,
COMMUNITY, AND ECONOMIC DEVELOPMENT DIVISION

ACCOMPANIED BY JACK WELLS

Senator ANDREWS. Our next witness is Mr. Jack Wells from the General Accounting Office.

Mr. Wells, good to have you here. We do have your statement. It will appear in its entirety in the record.

Mr. McLure, the Associate Director of Resources, Community and Economic Development Division of the U.S. General Accounting Office, will be appearing.

Good to see you, Mr. McLure.

Mr. McLURE. Thank you. I'm Herb McLure and Jack Wells is working with the chart right now. Jack is our expert on trucking regulation and we are here to talk about ICC and the possible sunset of some of its regulatory functions.

Actually, we are here to discuss the budgetary effects of the possible elimination of ICC's regulatory responsibilities for trucking. In 1980, the Congress partially deregulated the trucking industry, relaxing rate and entry regulation. However, truckers are still required to receive operating authority from the ICC and the rates generally require ICC approval.

In this Congress, three bills to complete the deregulation of the trucking industry have been introduced by Senators Packwood and Danforth on behalf of the administration and Representative Moody. All three bills eliminate rate regulation for commercial trucking and either eliminate entry regulation or confine it to carriers of household goods or restrict it to considerations of safety and financial responsibility.

The bills differ in the extent to which they eliminate some forms of ICC regulation and in the extent to which they preempt State regulation of trucking.

You asked us to estimate how many staff years could be saved if the ICC's responsibilities for trucking regulation were eliminated. You also asked that we break this estimate down to show the staffing commitment for each regulatory function so you could see the effect of eliminating some functions but not others, as provided by the various deregulatory bills.

Finally, you asked that we bring together analysis that would be helpful to the Congress in deciding which regulatory functions to keep and which to eliminate.

BUDGETARY EFFECTS OF THE TRUCKING REGULATION

Today, we are going to focus mainly on the budgetary effects of the trucking regulation. Additional analysis on the desirability of eliminating various functions will be included in our report which should be out sometime near September.

To answer your questions, we developed a list of 10 regulatory functions based on analysis of ICC's authorizing legislation and on discussions with ICC staff. We assembled data from ICC documents and staff on the resources they used for the various trucking regulatory functions in fiscal year 1985.

We allocated the staff-years for the general management functions such as those in the Managing Directors' and Commissioners' office to the different regulatory functions in proportion to the number of people who work directly on the various functions. We want to emphasize to you that the staff-year estimates we are presenting today are based on the best data we could find, but there inevitably is an element of judgment in them. You should, therefore, take them as good approximations of what ICC uses to regulate trucking, recognizing that overlaps and other problems are inherent in the data.

We analyzed the advantages and disadvantages of repealing various ICC functions based on literature on trucking regulation and discussions with representatives of the industry and shipper groups, government officials, lawyers, and economists.

In fiscal year 1985, the ICC had a total of about \$48 million to support 916 staff-years, and we are going to be talking for the rest of the morning in terms of staff-years. ICC used about 483 staff-years to regulate trucking. This figure includes 335 staff-years directly assigned to trucking regulatory functions and 148 general management staff-years that we allocated to the regulatory functions in proportion to the direct staff.

If these regulatory functions were eliminated, the reduction in general management staff would probably be somewhat less than the amount of staff we allocated to each function. The attachment to our statement and the chart on the stand over here shows the directly assigned and the general management staff-years that we allocated.

The 10 regulatory functions are as follows:

One: First there is rate regulation, including maintaining records of filed tariffs and reviewing the proposed rates. That's 111 staff-years.

Two: Entry regulation including reviewing applications for operating authority and enforcing prohibitions against carriers operating outside their approved operating authority. That's 130 staff-years.

Three: Safety regulation, consisting of consulting with the Bureau of Motor Carrier Safety's safety ratings as part of ICC's review of applications. That's 4 staff-years.

Four: Insurance regulation, including monitoring cancellation notices received from insurers and carrying out proceedings to revoke authority of carriers who do not find insurance. That's 72 staff-years.

Five: Antitrust enforcement, including supervising rate bureau antitrust immunity, reviewing mergers and enforcement prohibitions on predatory and discriminatory pricing. That's 23 staff-years.

Six: Cargo damage liability rules; namely, enforcing the Carmack amendment requirements that liabilities for damage to cargo falls entirely upon the common carrier unless the carrier's liability has been

released by the explicit agreement of the shipper and that the carrier give the shipper the option of having the carrier assume full liability for the shipment. That's 51 staff-years.

Seven: Data collection and processing pursuant to the ICC's regulatory responsibility is 16 staff-years.

Eight: Owner-operator protections, including prohibitions on illegal lumping and enforcing rules which govern how owner-operators can lease their trucks and services as drivers to motor carriers. That's 58 staff-years.

Nine: Household goods consumer protection rules, including protecting consumers from overcharges and specifying cargo damage claims procedures is 17 staff-years.

Ten: Mexican carrier registrations, pursuant to the Motor Carrier Safety Act of 1984 is a little less than a staff-year.

EFFECTS OF DEREGULATION BILLS

All the proposed trucking deregulation bills would eliminate much of the rate and entry regulation, functions that consumed about 241 staff-years out of ICC's 916 total. Two of the bills, Moody and Packwood, would retain regulation for household goods carriers, a function that required about 52 staff-years.

The Packwood bill also retains an entry standard based on safety fitness and financial responsibility for all motor carriers currently regulated by the ICC and transfers responsibility for enforcing this entry rule to DOT. Under the Packwood bill, DOT may need some portion of the 130 staff-years ICC devoted to entry regulation to carry out this more limited entry regulation.

Some of the regulatory functions would be explicitly retained in the proposed bills. Consumer protection bills for household goods shipments would be retained in all three bills, either at ICC or at the Federal Trade Commission. And all three bills would transfer responsibility for registration of Mexican carriers to DOT.

The Packwood and Moody bills transfer responsibility for Carmack functions to DOT. The Moody bill transfers ICC's data reporting authority to DOT. All three bills would eliminate ICC's other regulatory functions. However, where these functions are not explicitly transferred to any other agency, other agencies with existing authority might have to take over some of the regulatory functions previously exercised by ICC and may have to increase their staffing as a result.

For example, if ICC no longer monitored whether truckers had the required insurance, DOT would assume sole responsibility for enforcing insurance requirements, significantly increasing the number of carriers for which it had primary enforcement responsibility.

Whether these other agencies would need additional funding to handle these added responsibilities would depend on the enforcement approaches they adopted. For example, census has already acted to begin gathering some limited data on a sample of ICC-regulated truckers so as to provide some data on class III carriers now exempt from

ICC reporting requirements. The census survey requires substantially less data than formerly required by ICC and if ICC stopped requiring reports from classes I and II truckers and census expanded its reporting requirements for these carriers, census might need additional staff, but would probably not need as many as are currently required at ICC.

We would like to note here that there is little in the way of persuasive analysis available on the need for data reporting requirements. There are some essential purposes for which ICC data are used, such as to generate parts of the Commerce Department's gross national product estimates.

However, for many of the data ICC collects, we found no indication that essential public policy purposes would not be served if data were not available. The Department of Justice and FTC believe they can get all the data they need on an ad hoc basis, either voluntarily or through their subpoena power, without any ongoing data collection effort.

One problem with determining the need for data reporting requirements is that such needs are difficult to forecast. The public policy issues of the future can be resolved more intelligently if appropriate data are gathered; yet it is difficult to forecast what policy issues will arise in the future and what data should be gathered to resolve them.

Of all the budgetary uncertainties, the most significant is concerned with safety and insurance. If the approach embodied in the Packwood bill is adopted, DOT would regulate entry, though the only criteria would be safety fitness and financial responsibility. Even this limited approach to entry regulation, however, could require substantial number of staff-years, since the 90 staff-years ICC had directly assigned for entry regulation in 1985 were largely for routine clerical work that would be required, whatever the criteria specified for entry.

If DOT chose to continue to enforce the insurance requirement the same way ICC does, by requiring notification of every policy cancellation, DOT would presumably need about the same number of staff-years ICC has directly assigned for this purpose and some additional general management staff as well.

Mr. Chairman, this concludes my statement concerning the budgetary impact deregulating trucking might have.

In closing, I would like to remind the committee that the more important effect of reducing economic regulation of trucking would be felt by the shippers and the truckers themselves and it is these effects that should determine whether deregulation is approved.

Our comments on the values of ICC's trucking regulation activities will be included in our later report to you on the subject. For now, Jack and I will be glad to respond to any questions you might have.

ICC BUDGETARY RESOURCES NEEDED

Senator ANDREWS. Thank you very much for an excellent statement.

To get a better handle on ICC budgetary resources needed in a deregulated environment, the committee of course asked you to assess staffing by function. Had this ever been done by anyone before, this kind of analysis?

Mr. McLURE. To our knowledge, this is the first it has been done.

Senator ANDREWS. Are you fully confident on the staffing estimates you have given the committee this morning?

Mr. McLURE. We are confident that they are reasonable. We are also confident that they are not exact. So we think you need to use them appropriately. We think they give you a good idea of what ICC actually spends, but for example, there is some inherent overlap. Rate and entry regulation, for example, does have a safety element to it and so to break it down strictly by safety and rate and entry regulation does not—I mean it is not that easy to do.

Senator ANDREWS. Now, the administration's request for fiscal year 1987 assumes only a \$7.8 million level for motor carrier related safety and insurance functions, transferred to DOT.

Is this enough, even if DOT assumed these activities? And we do not know yet whether they are going to assume them.

Mr. McLURE. Of course, it depends on what DOT winds up doing. I have appeared before you several times before, talking about the effects of airline deregulation on safety enforcement by DOT and some of the things that have happened in the airline industry, because DOT did not properly anticipate the changes that would occur in the industry.

There is a chance that DOT could wind up doing the same things in terms of trucking regulation and in that case their \$7.8 million estimate would probably—my guess is it is probably low.

Senator ANDREWS. Today, GAO has not told the committee what function and at what cost should exist after deregulation. When are you going to provide that type of guidance?

Mr. McLURE. We will discuss those things in our report in September in more detail. For now I think it is reasonable to say that the things that really matter to the truckers as consumers and to the Government really revolve around safety and insurance and probably household goods carriage. Household goods probably affect more private individuals in a way that they can see and feel than any other kind of regulation ICC does in the trucking industry.

Safety and insurance, which is closely related to the safety question, are things that the public really cares about and have been very strongly mentioned in the news media recently. I think those are the things that are going to need attention.

Senator ANDREWS. Your final report then will be available in September?

Mr. McLURE. Yes.

Senator ANDREWS. Will you provide a draft copy of the report to DOT and the ICC for review and comment?

Mr. McLURE. That is our normal procedure, yes.

Senator ANDREWS. Will you be able to get that review and comment before you provide the final report, or will that be included in your final report in September, or is September the date that you are going to give it to them for review and comment?

Mr. McLURE. No, no. We should have that done by September.

Senator ANDREWS. The review and comment as well?

Mr. McLURE. Yes.

Senator ANDREWS. Good. So we will get the complete package as a pre-Christmas gift dropped on us about Labor Day?

Mr. McLURE. Yes.

Senator ANDREWS. Thank you very much. We appreciate your statement and appreciate your coming up here this morning.

[The statement follows:]

STATEMENT OF HERBERT R. MCCLURE

I am pleased to be here to discuss the budgetary effects of the possible elimination of the Interstate Commerce Commission's regulatory responsibilities for trucking.

In 1980, the Congress partially deregulated the trucking industry, relaxing rate and entry regulation. However, most interstate truckers are still required to receive operating authority from the Interstate Commerce Commission (ICC), and their rates still generally require approval by the ICC. In this Congress, three bills to complete the deregulation of the trucking industry have been introduced by Senator Packwood, Senator Danforth (on behalf of the Administration), and Representative Moody. All three bills eliminate rate regulation for commercial trucking, and either eliminate entry regulation, confine it to carriers of household goods, or restrict it to considerations of safety and financial responsibility. The bills differ in the extent to which they eliminate other forms of ICC regulation of trucking, and in the extent to which they pre-empt state regulation of trucking.

You asked us to estimate how many staff-years could be saved if the ICC's responsibilities for trucking regulation were eliminated. You also asked that we break this estimate down to show the staffing commitments for each regulatory function, to show the effect of eliminating some but not others, as provided in various deregulatory bills pending in the Congress. Finally, you asked that we bring together analysis that would be helpful to the Congress in deciding which regulatory functions to keep and which to eliminate. Our testimony today focuses primarily on the budgetary effects of trucking deregulation. Additional analysis on the desirability of eliminating various trucking regulatory functions will be included in a subsequent report.

To answer these questions, we developed a list of ten regulatory functions based on an analysis of ICC's authorizing legislation and on discussions with ICC staff. We assembled data from ICC documents and staff on the resources they used for the various trucking regulatory functions in fiscal year 1985. We allocated staff-years for general management functions, such as those in the Managing Director's and Commissioners' offices, to the different regulatory functions in proportion to the number of people who worked directly on the various functions.

We analyzed the advantages and disadvantages of repealing various ICC functions based on literature on trucking regulation and on discussions with representatives of industry and shipper groups, government officials, lawyers, and economists.

ICC'S REGULATORY FUNCTIONS AND THEIR BUDGETARY REQUIREMENTS

In fiscal year 1985, the ICC had a total of 916 staff-years and used about 483 to regulate trucking. This figure includes 335 staff-years directly assigned to trucking regulatory functions and 148 general management staff-years that we have allocated to ten regulatory functions in proportion to the direct staff.

If these regulatory functions were eliminated, the reduction in general management staff might be somewhat less than the amount of such staff time allocated to each function. However, while we have allocated these general management staff-years to the regulatory functions, we had no basis for estimating the reduction in general management staff that deregulating each function would permit. The attachment shows both the directly assigned and general management staff-years allocated to each regulatory function.

The ten regulatory functions, with their staff-year allocations, are as follows:

- Rate regulation, including maintaining records of filed tariffs and reviewing the proposed rates: 111 staff-years;
- Entry regulation, including reviewing applications for operating authority and enforcing prohibitions against carriers operating outside of their approved operating authority: 130 staff-years;
- Safety regulation, consisting of consulting the Bureau of Motor Carrier Safety's safety ratings as part of ICC's review of applications for operating authority: 4 staff-years;
- Insurance regulation, including monitoring cancellation notices received from insurers and carrying out proceedings to revoke authority of carriers who do not find insurance: 72 staff-years;

- Antitrust enforcement, including supervising rate bureau antitrust immunity, reviewing mergers, and enforcing prohibitions on predatory and discriminatory pricing: 23 staff-years;
- Cargo damage liability rules ("Carmack"), namely enforcing the "Carmack Amendment" requirements that liability for damage to cargo falls entirely upon the common carrier (subject to certain exceptions), unless the carrier's liability has been released by the explicit agreement of the shipper, and that the carrier give the shipper the option of having the carrier assume full liability for the shipment: 51 staff-years;
- Data collection and processing pursuant to the ICC's regulatory responsibilities: 16 staff-years.
- Owner-operator protections, including prohibitions on illegal "lumping" (i.e., coercing a truck driver into having his truck loaded or unloaded by terminal or warehouse personnel) and enforcing rules which govern how owner-operators can lease their trucks and services as drivers to motor carriers: 58 staff-years;
- Household goods consumer protection rules, including protecting consumers from overcharges and specifying cargo damage claims procedures: 17 staff-years.
- Mexican carrier registrations, pursuant to the Motor Carrier Safety Act of 1984: 1 staff-year.

ISSUES TO BE CONSIDERED IN FURTHER TRUCKING DEREGULATION

Budgetary issues

All three trucking deregulation bills would eliminate much of ICC's rate and entry regulation, functions that consumed about 241 staff-years out of ICC's 916 total. However, two of the bills, Moody and Packwood, would retain regulation for household goods carriers, which required about 52 direct staff-years in FY 1985. The Packwood bill also retains an entry standard based on safety fitness and financial responsibility for all motor carriers currently regulated by the ICC, and transfers responsibility for enforcing this entry rule to the Department of Transportation

(DOT). Under the Packwood bill, DOT may need some portion of the 130 staff-years ICC devoted to entry regulation to carry out this more limited entry regulation.

Some of the regulatory functions would be explicitly retained in the three bills. Consumer protection rules for household goods shipments would be retained in all three bills, either at ICC (under Packwood and Moody) or at the Federal Trade Commission (under the Administration bill), and all three bills would transfer responsibility for registration of Mexican carriers to DOT. The Packwood and Moody bills transfer responsibility for ICC's "Carmack" functions to DOT. The Moody bill also transfers ICC's data reporting authority to DOT.

All three bills would eliminate ICC's other regulatory functions. However, where these functions are not explicitly transferred to any other agency, other agencies with existing authority might take over some of the regulatory functions previously exercised by ICC, and may have to increase their staffing as a result. For example, if ICC no longer monitored whether truckers had their required insurance, DOT would assume sole responsibility for enforcing insurance requirements, significantly increasing the number of carriers for which it had primary enforcement responsibility. Under all three bills, the Department of Justice (DOJ) and the Federal Trade Commission (FTC) would assume sole responsibility for antitrust enforcement in trucking currently shared with ICC. If ICC no longer collected data on the trucking industry, the Bureau of the Census would have the authority to gather additional data on trucking. While "Carmack" would cease to exist as statutory law under the Administration bill, it is possible that pre-existing common law, which in many cases had similar requirements, would once again become effective. Enforcement of these requirements would generally fall to private parties bringing suit in state and federal courts.

Whether these other agencies would need additional funding to handle these added responsibilities would depend on the enforcement approaches they adopted. For example, Census has already acted to begin gathering limited data on a sample of ICC-regulated truckers so as to provide some data on Class III carriers exempt from ICC reporting requirements. The Census survey requires substantially less data than formerly required by ICC of Class III carriers. If ICC stopped requiring reports from Class I and II truckers and Census expanded its reporting

requirements for these carriers, Census might need additional staff, but would probably not need as many as are currently required at ICC.

Safety and insurance

Of all these budgetary uncertainties, the most significant is concerned with safety and insurance regulation. If the approach embodied in the Packwood bill is adopted, DOT would regulate entry, though the only criteria would be safety fitness and financial responsibility. Even this limited approach to entry regulation, however, could require a substantial number of staff-years, since the 90 staff-years ICC had directly assigned for entry regulation in FY 1985 were largely for routine clerical work that would be required whatever the criteria specified for entry. If DOT chose to continue to enforce the insurance requirement as ICC does, by requiring notification of every policy cancellation, it would presumably need about the same number of staff-years as ICC had directly assigned for this purpose (50), and possibly some additional general management staff as well.

Other regulatory functions

In several cases we found a lack of useful data or analysis relating to the value of the other regulatory functions of ICC. In the case of antitrust immunity, for example, there was disagreement about whether antitrust immunity for collective price-setting raised prices significantly, but there were no data on the number of shipments actually shipped at collectively set prices, which would be an indicator of the impact of antitrust immunity for collective price-setting. In the case of owner-operator protections and consumer protections for household goods, we could find no data demonstrating how effectively regulation protected owner-operators or consumers.

In the case of cargo damage liability rules ("Carmack"), which are retained in the Moody and Packwood bills, there was some question of how effective these rules would be in the absence of rate regulation. Without administrative rate regulation, a carrier might offer to provide full liability coverage, but at a rate so far above the "released value" rate (i.e., the rate charged if the shipper releases the carrier from part of his liability) that full liability carriage might as a practical matter not be offered. However, the shipper could seek recourse through the courts to enforce a reasonable relationship between

the full-value rate and the released-value rate. It is not clear whether enforcement through the courts would be as effective as enforcement through the ICC.

Similarly, there was little in the way of persuasive analysis available on the need for data reporting requirements. There are some essential purposes for which ICC data are used, such as to generate parts of the Commerce Department's Gross National Product estimates. However, for many of the data ICC collects, we found no indication that essential public policy purposes would not be served if data were not available. The DOJ and the PTC believe that they can get all the data they need on an ad hoc basis either voluntarily or through their subpoena power, without any ongoing data collection effort. One problem with determining the need for data reporting requirements is that such needs are difficult to forecast in advance. The public policy issues of the future can be resolved more intelligently if appropriate data are gathered today, yet it is difficult to forecast what policy issues will arise in the future and what data should be gathered to resolve them.

* * * * *

ICC staff-years for trucking regulatory functions
fiscal year 1985

<u>Regulatory function</u>	Directly assigned staff-years	General management staff-years	Total
Rate regulation	77	34	111
Entry regulation	90	40	130
Safety regulation	3	1	4
Insurance regulation	50	22	72
Antitrust enforcement	16	7	23
Cargo damage liability rules	35	16	51
Data reporting	11	5	16
Owner-operator protections	40	18	58
Household goods rules	12	5	17
Mexican carrier registrations	<u>1</u>	<u>0</u>	<u>1</u>
Total	335	148	483

TRANSPORTATION LAWYERS ASSOCIATION

STATEMENT OF JEREMY KAHN, CHAIRMAN, LEGISLATIVE COMMITTEE

Senator ANDREWS. Our next witness is Mr. Jeremy Kahn, the chairman of the legislative committee of the Transportation Lawyers Association.

Mr. Kahn, good to have you here.

Mr. KAHN. Thank you, Mr. Chairman.

On behalf of the association, which is a nationwide specialty bar association that represents motor carriers, we appreciate the opportunity to be here.

My statement which is before you, and I understand will be in the record—

Senator ANDREWS. It will be in the record in its entirety.

Mr. KAHN. It summarizes our position and I would like to follow up, if I may, Mr. Chairman, on the comments by the General Accounting Office, because they raised the same issues that are of concern to us as advisers of the motor carriers before the Interstate Commerce Commission; namely, insurance and safety.

Our position is to support, as a minimum, the ICC's proposed budget for fiscal year 1987. We do not look beyond that right now to see what other massive changes may be underway. And in my statement I have cited some of the important considerations having to do with insurance monitoring by the ICC and safety monitoring by the ICC.

I would point out that not only is insurance and safety a concern with trucks which have a potential for being involved in accidents, but also in the bus industry which has spawned numerous new entrants under the Bus Regulatory Reform Act of 1982. Buses, intercity buses, now include as many as 50 passengers on each trip. So we believe that the ICC must have the staff and must have the funding to carefully monitor the safety and especially insurance compliance by these carriers.

I believe that your committee's review of the ICC activities will show that bus carriers as an example constitute many of the insurance problems which the ICC must oversee because of their higher level of insurance requirements.

Certainly this is equally true in the trucking field in which your committee is well aware of the insurance crisis which faces the industry as a whole.

We also believe that the ICC should be given adequate funding to maintain information reporting requirements. The previous witness from GAO questioned the need for this, but it certainly seems that in the chaotic transportation environment in which our clients are competing and in which they are trying to move freight and passengers to serve the commerce of the United States, it is important that as much information be made available as possible so that these carriers can make the best possible choices and operate as efficiently as is possible.

But in terms, Mr. Chairman, of your suggestion at the outset, our position is one of having the ICC budget as submitted to you, one as a

minimum beyond which the committee should not drop. It is important to maintain the law as it is now written. If Congress at some time in the future should change the law, certainly the appropriation should differ, but for right now, we believe that it is important that the ICC be given the funds that will enable it to enforce the law, particularly with respect to insurance, safety, and information reporting.

We thank you for the opportunity to speak and, I would be pleased to answer any questions that you may have.

Senator ANDREWS. Thank you very much, Mr. Kahn.

The GAO estimates that 76 staff-years are now devoted to the insurance function. Does your organization have an estimate of the possible increased workload in this area due to the insurance crisis that we are hearing about so much?

Mr. KAHN. We are not in a position to have made a formal study based on staff-years. The combination of the many new entrants into the motor carrier field and the mandatory insurance levels and the insurance crisis have created a situation in which, from anecdotal evidence, insurance is canceled on short notice; carriers have to race in order to obtain new insurance; and this results in cancellations and new filings with the ICC.

Senator ANDREWS. Do you have any idea why all three of these deregulation bills sunset insurance regulation?

Mr. KAHN. We have no idea. And we certainly believe that one of the areas, whatever one's feelings on the merits of economic regulation, certainly the Federal Government has an important role to play in mandating mandatory insurance and making sure that the public is protected on the highways.

[The statement follows:]

STATEMENT OF JEREMY KAHN

Summary of Position

The Transportation Lawyers Association, a specialized bar association, submits comments on the proposed budget of the Interstate Commerce Commission for fiscal year 1987. The Association's position is generally supportive of the proposed budget as a minimum. The Association's position is further explained in the following comments.

Statement on Behalf of the
Transportation Lawyers Association

Chairman Andrews and Members of the Subcommittee, the Transportation Lawyers Association ("TLA") thanks the Chairman and Members of the Subcommittee for an opportunity to comment, as the Association has commented in prior years, on the issue of Interstate Commerce Commission ("ICC") funding for Fiscal Year 1987. TLA is a specialized bar association with approximately 600 members throughout the United States engaged in the representation of various transportation entities.

As an organization of counsel to transportation entities, TLA members have a unique vantage point with which to view the activities of the ICC, which, despite changes in regulation, continues to exert extraordinary influence on the activities of our transportation clients.

TLA today reiterates what has been its consistent position before this Subcommittee, namely to support adequate levels of funding for the ICC properly to administer the Interstate Commerce Act, as modified by recent regulatory reform legislation, including the Motor Carrier and Household Goods Transportation Acts of 1980, the Staggers Rail Act of 1980, the Bus Regulatory Reform Act of 1982, and the Motor Carrier Safety Act of 1984, in the fashion Congress has directed.

TLA generally supports the ICC's proposed budget for FY 1987, because it appears, in most instances, to recognize statutory obligations and to deploy resources to those areas which are of most importance in the carrying out of its statutory functions. At the same time, TLA suggests that the proposed FY 1987 ICC Budget is a minimum below which the ICC's appropriation should not be reduced. The suggested funding levels in the proposed budget are significantly below those of prior years. To the extent these decreased funding levels reflect the decreasing importance and activities of lessened economic regulation, they are appropriate; to the extent they may reflect an across-the-board reduction without careful consideration of the effects of such reduction, TLA urges care in such reductions.

Similarly, TLA suggests that the ICC's proposed allocation of its requested appropriations between motor carrier and rail functions not be disturbed. The ICC requires not only a level of funding adequate to perform those tasks entrusted to it, but also Congressional direction that the agency's motor carrier responsibilities not be avoided.

The Subcommittee is certainly aware of the importance of the surface transportation industry to the nation's economy and the well-publicized difficulties with which the surface transportation industry, regulated by the ICC, is confronted. Carriers operating under ICC regulation are seeking to compete, to provide needed service to the public, and to earn a reasonable return on their owners' investment in an era of uncertainty brought about by recent, significant changes in regulatory law. As an organization composed of those who are legal counsel for these carriers, TLA takes no position on the merits of recent regulatory changes, but only urges that for the benefit of these carriers and the public they serve, that the law be administered meaningfully as Congress has enacted it, in an efficient, timely fashion. We endorse the statement of

Chairman Gradison that the ICC Budget for FY 1987 "provide for the continuity of regulatory functions," so long as this statement is interpreted as ICC administration of the law as written.

From TLA's vantage point, I wish to comment on certain illustrative features of the ICC's continuing regulatory activities which require levels of funding sufficient for the ICC to undertake and maintain its Congressionally mandated administration of the Interstate Commerce Act, especially in the motor carrier field.

Sufficient funding is required for the ICC properly to handle its workload of activities undertaken for the protection of the public, an area in which all observers of the ICC are in apparent agreement must be fully funded. For example, the proposed budget projects no decrease in that portion allocated to the Office of the Secretary for purposes of, among other items, administering the ICC's insurance records. In this time of chaotic conditions in the insurance markets, it is obvious that the Commission's proposed budget is at best a barely acceptable minimum in this area.

During the current insurance crisis, the ICC must review insurance filings, and take immediate action to institute proceedings to achieve compliance with ICC requirements when the Commission receives notification of cancellation of a carrier's insurance. The Office of the Secretary handles the issuance of decisions instituting such actions. Taking as an example, the recent week of March 24 - 28, the daily ICC Register listed on successive days of the week, notices instituting 160, 114, 93, 33, and 4 separate proceedings [a total of 404 for that week] leading to the revocation of carrier operating authority for failure to maintain adequate insurance. Without adequate budget allocation, the ICC cannot maintain this essential task of determining in a timely fashion those carriers which have, and those which haven't complied with ICC insurance regulations.

Any delay, due to lack of funding, means that uninsured carriers may be operating on the highways to the likely detriment of the public.

Another area of grave public concern is safety. In the area of the disposition of operating rights requests, the ICC is increasingly dealing with instances of applicant carriers with "unsatisfactory" Department of Transportation safety ratings. During the week of March 24 - 28, the ICC issued eight separate decisions dealing with requests for operating rights by motor carriers with "unsatisfactory" safety ratings. Such proceedings require more than a cursory treatment.

TLA suggests that in these illustrative areas of insurance and safety, the ICC's budget must be adequate to maintain the staff and facilities promptly to act upon and effectively to decide issues surrounding such compliance. We observe that the ICC proposes a 12% reduction in staff for the Office of Compliance and Consumer Assistance, the office with primary responsibility over enforcement of ICC regulations, including insurance. If the ICC can adequately perform its functions with such a reduction, certainly, the reduction should be permitted to go no further; the ICC must be directed to exert its fullest efforts in these important areas to protect the public. This is a particularly important area for Congressional scrutiny of the ICC's proposed budget to make certain public safety not be compromised.

Other illustrative areas of the budget require brief comment. For example, in the Bureau of Accounts, the ICC proposes a reduction in personnel of approximately 17.5%. Although this reduction appears not to affect the central functions of this Bureau, TLA stresses the importance of this Bureau in making available to the public and to the Commission needed information describing the motor carrier industry and its revenue needs.

Whatever the future may bring for surface transportation, meaningful decisions for change or for retention of the status quo can only be made if satisfactory and complete information is readily available. The IOC must have a Bureau of Accounts in place to develop and disseminate such information.

In summary, TLA stresses that remaining regulatory functions of the IOC are such that the IOC must be funded at an appropriate level to perform those tasks which inure to the benefit of the public at large, be they areas of insurance and safety recordkeeping and enforcement, or maintaining and treating appropriate financial information for the industry. The allocation between motor carrier and rail activities should be maintained as the IOC has presented it. TLA expresses its hope that through the direction of this Subcommittee, the IOC will be funded to the extent necessary to carry out its role mandated by Congress and consistent with its public responsibilities.

Thank you Mr. Chairman, for this opportunity to present TLA's views.

N.W. TRANSPORT SERVICE, INC.

STATEMENT OF DONN D. McMORRIS, CHAIRMAN, N.W. TRANSPORT SERVICE, INC., COMMERCE CITY, CO

Senator ANDREWS. Our next witness is Mr. Donn Morris, chairman of the Northwest Transport Service, Inc., from Denver, CO.

Good to have you here, Mr. Morris.

Mr. MORRIS. Thank you very much, Mr. Chairman.

I was about to give you the long report. I am not going to do that.

Senator ANDREWS. You may summarize it in any way you want to, Donn. Let me assure you that it will appear in the record as though you uttered every word.

Mr. MORRIS. Thank you very much.

Mr. Chairman, my name is Donn D. Morris. I am chairman of N.W. Transport Service, Inc. N.W. is located in Commerce City, CO, just outside the city of Denver.

N.W. Transport provides less-than-truckload and truckload services of general commodities. We service 21 Western States, and in 1985 N.W. had \$99 million in annual operating revenues.

I am also a member of the board of directors and vice president of the Western Highway Institute, vice-chairman of the Colorado Safety Association, past president of the Colorado Motor Carriers Association,

past chairman of the American Trucking Association, and a senior member of the ATA Executive Committee. In fact, it is on behalf of ATA that I am presenting testimony today.

To quickly summarize my longer statement, let me say that ATA believes any further reductions in the ICC's budget will jeopardize the Commission's ability to carry out its regulatory responsibility delegated by Congress in the Interstate Commerce Act as revised by the Motor Carrier Act of 1980.

Particularly important functions include: insurance monitoring, rate regulation, enforcement of fitness and safety requirements, and data collection. I want to stress data collection in the sense that it has to be a requirement; if it were left to voluntary, I am not sure it would occur, and if it did occur on a voluntary basis, it could not be predicted to be presented in a usable manner to the ICC.

ATA also generally supports DOT's budget. We specifically endorse Secretary Dole's recommendation to this subcommittee to appropriate \$50 million for the DOT Motor Carrier Safety Assistance Program for 1987. That program is vital to improving highway safety.

In addition, ATA supports the appropriation and expenditure for highway purposes, all the revenue accruing to the highway trust fund each year. Funds adequate to perform the necessary research and development for motor carriage should also be appropriated and spent. ATA urges DOT to take a more active role in promoting improved productivity for the trucking industry.

Furthermore, ATA strongly endorses the establishment of a Motor Carrier Administration within DOT to provide a more streamlined, effective, and equitable administration structure.

Mr. Chairman, I know my time is extremely limited, so I will not detail the specifics of my longer, formal statement, but touch on three points I feel particularly strong about.

First is the need for some relief on the national insurance crisis, especially the environmental restoration provision.

Second, the feasibility of a longer combination vehicle network in the West.

And finally, highway safety. As you know, the trucking industry is in a unique situation regarding the national insurance crisis. The Motor Carrier Act of 1980 requires that we carry minimum insurance levels. We supported and still support that concept.

Although the industry now faces increases in premiums between 200 and 1,000 percent, partial relief, thanks to you, Mr. Chairman, is the recent ICC decision to allow May Trucking to self-insure. Now, Mr. Chairman, we need your help in getting DOT off the dime and come forth with a definitive and transferable rulemaking proceeding to facilitate this need for the trucking industry.

There are other insurance-related problems like the environmental restoration provision. However, maybe that discussion should take place when we have more time. Again, Mr. Chairman, thanks to you DOT is currently reevaluating the feasibility of a Western LCV network. In a

word, we are hopeful for consistency in DOT's final report. Right now we understand this package is under review on the 10th floor of DOT. We feel the LCV issue can stand on its own merits. But we are concerned the issue may become too politically laden.

Some suggest that FHWA needs more time. At the risk of an inadequate report, maybe they should have more time.

Finally, we actively support Secretary Dole's proposed increase in motor carrier safety funding and hope you will consider this as you appropriate DOT's fiscal year 1987 budget.

Thank you, Mr. Chairman, and I would be pleased to answer any questions.

Senator ANDREWS. Thank you, Mr. McMorris. You may or may not know we gave them an extra month because we felt it imperative that they get a good study.

On another subject, did you appear as a witness when the Federal Highway Administration held its western hearing on the longer combination vehicle study? We requested that hearing be held. Were you there?

Mr. McMORRIS. I appreciate the fact that you requested that hearing and yes, I did appear.

Senator ANDREWS. Was that a good hearing? Did it cover the subject well or was it just done in response to the directive from the subcommittee? Since we were not there, we have got to rely on people who were there to give us that answer.

Mr. McMORRIS. Well, No. 1, I think we had a very good full-day hearing; there were 17 witnesses there and all supporting the LCV concept of letting the States make the decision on the use of LCV's. I think it also gives FHWA the chance to correct an original decision in which the need for LCV's was presented, but it was not approved.

I believe that those later witnesses in a hearing in Denver provide more than sufficient reasons to approve the LCV's and let the States make those decisions.

Senator ANDREWS. In your estimate, do you feel FHWA is beginning to reflect the wisdom they received at that hearing?

Mr. McMORRIS. I sure hope so.

Senator ANDREWS. Well, a hope, I guess, is better than anything else.

Mr. McMORRIS. We will have a better opinion when we see the report.

Senator ANDREWS. So will we, Mr. McMorris. Thanks for appearing today. We appreciate your testimony.

[The statement follows:]

STATEMENT OF DONN D. MCMORRIS

Mr. Chairman and members of the Subcommittee, I am Donn D. McMorris, Chairman of N.W. Transport Service, Incorporated. N.W. Transport is located in Commerce City, Colorado, near Denver.

Mr. Chairman, the trucking industry employs 7.4 million Americans and generates annual revenues in excess of \$200 billion. Each year 5 million trucks log more than 138 billion miles with an overall safety record that is almost twice as good as that for automobiles. These trucks, operated by more than 260,000 American firms, of which 34,000 are regulated carriers, account for 77% of all freight transportation revenues in this country.

The American trucking industry provides an essential transportation service to the largest economy in the world. The essentiality of our industry is illustrated by the fact that access to trucking is considered by business to be the second most important factor in deciding where to locate a new plant.

ATA sincerely appreciates this opportunity to comment on the Fiscal Year 1987 budget of the Interstate Commerce Commission (ICC) and those portions of the U.S. Department of Transportation (DOT) budget which pertain to motor carriers. This statement is divided into two sections. The first section discusses the ICC budget; and, the second addresses the DOT budget.

I. SUMMARY OF POSITION

ATA believes that any further reductions in the Commission's budget will jeopardize the agency's ability to carry out its regulatory functions delegated by Congress in the Interstate Commerce Act as revised by the Motor Carrier Act of 1980. The functions of primary importance to the national transportation system are as follows:

1. The regulation of rates to ensure that shippers obtain reasonable prices so that motor carriers obtain a fair return on their investment;
2. The enforcement of the licensing requirements for motor carriers to ensure the financial fitness and ability of operators;
3. The evaluation of the safety fitness of motor carriers, including the monitoring and enforcement of the insurance requirements of the law to protect the interests of the public and owners of the cargo; and,
4. The collecting and disseminating of motor carrier data to monitor the impact of regulatory and economic changes on the industry.

Since the Motor Carrier Act of 1980, the Commission's budget has decreased from \$79.06 million to \$48.3 million in fiscal year 1986. Moreover, the number of full-time permanent staff employees has been reduced from 2,000 in 1980 to 777 on April 1, 1986. Through these measures, Congress has reduced the Commission's funding and manpower to a level barely able to meet its needs to efficiently and effectively perform its responsibilities. However, the Commission is now at a critical point. Any further reductions will seriously jeopardize its ability to carry out its mandate of promoting vigorous, but safe, fair and lawful motor carrier competition.

Moreover, continued budget reductions will harm providers and consumers of transportation services who rely on the regulatory scheme. ATA believes that the Congress can best achieve the efficient and effective transportation system it intended under the 1980 Act by appropriating \$48.3 million for the fiscal year 1987 ICC budget, and by designating that the funds be used foremost to staff those ICC departments which perform the primary regulatory responsibilities.

ATA also generally supports DOT's budget. We specifically endorse Secretary Dole's recommendation to this Subcommittee to appropriate \$50 million for the DOT Motor Carrier Safety Assistance Program (MCSAP) for 1987. That program is vital to improving highway safety. In addition, ATA supports the appropriation and expenditure for highway purposes at least all of the revenue accruing to the highway trust fund each year. Funds adequate to perform the necessary research and development on motor carriage should also be appropriated and spent. ATA urges DOT to take a more active role in promoting improved productivity for the trucking industry. Furthermore, ATA strongly endorses the establishment of a Motor Carrier Administration within DOT to provide a more streamlined, effective and equitable administration structure.

II. THE INTERSTATE COMMERCE COMMISSION'S BUDGET

In the Motor Carrier Act of 1980, Congress liberalized the requirements for obtaining motor carrier operating authority. Rate regulation was maintained, but varying rate pricing and options were promoted through specific changes. Increased motor carrier safety was sought through increasing the insurance levels and focusing on the fitness of applicants. Since Congress relaxed the regulatory constraints on entry and pricing, the need has increased for financial and operating data on motor carriers for the ICC and Congress to monitor the effects of the economy, as well as regulations on the industry.

ATA believes the ICC must continue to perform important motor carrier functions particularly in the areas of insurance monitoring, rate regulation, enforcement of safety, fitness requirements, and data collection. It needs adequate funding and staff to perform effectively these statutory responsibilities. ATA therefore requests that this subcommittee appropriate \$48.3 million for the Commission's 1987 fiscal year budget of which approximately \$24 million should be dedicated specifically for the administration of motor carrier programs. \$24 million is based on 1986 usage and the allocation schedule printed in the President's FY '87 budget. ATA opposes any effort to Sunset the ICC or its regulation of motor carriage either through zero appropriations or an inadequate budget for fiscal year 1987. The issue of motor carrier regulation must be addressed on the merits, rather than through the budgeting process.

A. Data Collection on Motor Carriers

The Commission's Bureau of Accounts performs the essential function of collecting, evaluating, and disseminating motor carrier data. These data permit the ICC to fulfill its obligation to submit to Congress an Annual Report on the state of the motor carrier industry. These data are useful to the Commission in the preparation of timely studies on the industry condition and problems. For example: the insurance crisis; general freight service to small communities; and, fuel price fluctuations.

B. Motor Carrier Insurance

The motor carrier industry, as well as many other industries, is currently facing an insurance crisis of an unprecedented nature. Trucking companies are now confronted with insurance rate increases of 200 to 1,000%. There are an inadequate number of insurance companies willing or able to underwrite commercial liability coverage, especially for environmental restoration. With respect to this crisis, the motor carrier industry is in a unique situation. Specifically, the Motor Carrier Act of 1980 requires truckers to maintain minimum levels of liability insurance to cover bodily injury, physical damage and environmental restoration. The range of coverage which applies to all carriers, including those who haul hazardous materials, is from \$750,000 to \$5 million.

The concepts of bodily injury and physical damage are historically well established and clear. The term "environmental restoration" is not. Before 1980, the restoration of a spill site was considered by the insurance industry as a physical damage claim. Section 30 of the 1980 Act changed this by requiring separate coverage for damage to the environment, although the Act does not define either time limits or liability of restoration.

This "environmental restoration" phrase has become a lightning rod for the insurance industry. Court interpretations and subsequent awards, largely in non-motor areas, have created an unwillingness on behalf of the insurance companies to provide insurance which is mandated by law.

ATA supports these federal and state insurance requirements for the protection of the public. In fact, ATA was instrumental in obtaining the enactment of the current statutory minimum insurance levels, outlined above. However, in light of the current crisis there is clearly a need for federal and state action to alleviate the problem and find workable solutions which will continue to protect the public and the industry in a reasonable fashion. ATA believes that the "environmental restoration" clause should be stricken from the Act. The objective is to return to the business relationship that existed between motor carriers and underwriters prior to 1980. It is not intended that the motor carrier abandon or disclaim any responsibility for environmental damages caused as the result of the accidental discharge of goods being transported, or the fuel used to propel the vehicle; therefore, the desired statutory amendment will assure the public that "spill clean-up" will be completed under the "physical damage" provisions of the mandated coverages. Additionally, personal injuries resulting from a spill will continue to be covered under the "personal injury" aspects of the mandated coverages.

One of the issues that ATA requested the ICC to consider in the Ex Parte No. 178 proceeding was the adoption of stringent, but realistic standards for self-insurance by motor carriers. Self-insurance would enable financially sound carriers to cut costs while still providing protection for the public. Moreover, self-insurance by these carriers would have the added benefit of increasing the reserves and capacity of the insurance industry. This in turn would provide protection to those carriers unable to participate in the self-insurance program.

On Wednesday April 16, 1986 the ICC approved the application submitted by May Trucking Company, Docket No. MC-128527, to be a self-insurer. We applaud this measure and trust this Subcommittee and the ICC will view this as a fully transferable benchmark for other financially sound trucking companies seeking self-insurance. The May decision is now being held up within DOT. ATA believes DOT should now move quickly to complete a rule-making procedure supporting this concept.

With insurance now approaching 8 - 10 percent of many carriers' expenses, the temptation to run without insurance is significant. Running without insurance also results in a tremendous competitive advantage. The ICC has the primary responsibility for seeing that carriers comply with the federal requirements. The agency has undertaken over 3,000 administrative enforcement actions to ensure compliance with the insurance requirements in the last two years. To continue to fulfill this important statutory duty, the ICC must have adequate funding and personnel. It must be a "fact certain" that carriers running without insurance will be placed out of business until insurance is obtained at the required levels.

C. Rate Regulation

The Commission's rate regulation function is performed by its Bureau of Tariffs and the Office of Proceedings.

The 1980 Act continues to require the ICC to oversee motor carrier rates, both individual carrier rates and those set collectively. Congress maintained, with certain limitations, the statutory provisions allowing motor carriers to engage in the collective making of rates and commodity classifications pursuant to agreements approved and monitored by the Commission. Congress also expressly guaranteed motor carriers the right to independently effectuate their rates and encouraged carriers to provide innovative new rate and service options.

The combination of limited and monitored collective ratemaking, with greater pricing flexibility and freer entry, has been a pro-competitive factor for the motor carrier industry and shipping interests.

D. Enforcement of Safety and Insurance Fitness

ATA has a longstanding commitment to motor carrier safety. The Commission's Office of Compliance and Consumer Assistance performs the all-essential functions of ensuring the fitness, including safety fitness of motor carriers, compliance with the insurance requirements, and enforcement of other ICC regulations designed to protect the shippers and public interest. This responsibility has increased with the significant growth in the number of motor carrier operations and types of service. In fact, the Commission's current enforcement capability is stretched beyond its limit.

The Commission has the duty to ensure that prior to granting operating authority, the applicant is fit and able to perform the service. With questionable ICC enforcement capability, some individuals will operate without certification to the detriment of the public interest and safety.

This enforcement process is even more critical in the wake of the insurance crisis confronting the trucking industry. Motor carriers are presently confronted with an inadequate number of insurance companies willing to underwrite coverage and skyrocketing premium increases ranging from 200 to 1000 percent. As noted earlier, these circumstances act as incentives for some carriers to unlawfully discontinue or reduce their insurance coverage. In fact, between October 1, 1985 to August 1, 1985 the ICC revoked 3,393 motor carrier operating authorities for the failure to maintain the requisite insurance coverage.

E. Enforcement of Household Goods Consumer Protection Rules

Although household goods carriers and their local agent moving companies have many things in common with the rest of the trucking industry, they have some unique operating characteristics that Congress recognized in 1980 when it enacted

separate regulatory reform legislation for movers. That uniqueness occurs because movers are the only segment of the trucking industry that deals primarily with individual consumers.

With the Household Goods Transportation Act of 1980 (HGTA), Congress found that the interest of individual shipper consumers can best be protected by reducing unnecessary regulation and allowing interstate movers maximum flexibility in serving the needs of shippers; however, it should be emphasized that the reason the freedom and flexibility in today's marketplace for interstate movers has been so successful is that Congress wisely left in place an underlying Federal statutory framework that has served as a stabilizing consumer protection influence. Although Congress in the HGTA did direct the ICC to eliminate unnecessary regulation, at the same time it strengthened the remedies for violation of the regulatory structure that was to be left in place for essential consumer protection purposes.

The federal, regional and local branches of the Office of Compliance and Consumer Protection (OCCA) oversee and enforce that remaining body of essential regulation. They play an important role in assuring not only that interstate movers comply with the current operational regulations, but that individual consumers are provided accurate and complete information on carrier performance and shipper rights and responsibilities. The budget and personnel cuts experienced by the ICC in recent years have made it increasingly difficult for OCCA to fulfill those regulatory duties.

In today's open marketplace where interstate authority for moving operations is relatively easy to obtain, there is a continuing need for a viable ICC consumer protection function. Most carriers perform in accordance with the current regulations, but there will always be those few who do not conform. If the ICC's OCCA enforcement budget allocation is cut back too stringently, consumers relying on federal protection will be exposed unnecessarily to the unlawful practices of a few movers who might take advantage of the vacuum created thereby.

III. THE DEPARTMENT OF TRANSPORTATION'S BUDGET

As you know, Mr. Chairman, the DOT, in addition to its major task of handling the federal highway programs, has jurisdiction over certain motor carrier activities, particularly in the areas of safety, regulation and productivity needs. ATA recommends that DOT receive appropriate funding in three areas affecting motor carriers directly.

First, ATA believes that the funding for the DOT Motor Carrier Safety Assistance Program should be increased from \$17 million to \$50 million for fiscal year 1987. Increased MCSAP funding is critical to the hiring and training of qualified enforcement personnel to perform roadside and other necessary safety inspections.

Second, ATA urges this Subcommittee to advise the DOT to dedicate more funds to be spent on the research and development on motor carriage, especially in studying the use of longer combination vehicles (LCVs).

In addition, ATA urges the Subcommittee to direct DOT to become more active in promoting improved productivity for the motor carrier industry. For similar reasons, ATA supports the creation of a Motor Carrier Administration within DOT. The consolidation of several existing departments within DOT into one Motor Carrier Administration will provide a coherent, streamlined structure that will save the government money, enhance efficiency, and provide the industry with representation equal to that enjoyed by the other transportation modes.

Finally, ATA is concerned that appropriations for highways are limited to \$12.42 billion, which is substantially less than the level of funding which could be supported by current revenues into the Highway Trust Fund. A recent CBO study found that the Trust Fund could support appropriations of \$14.1 billion in FY 1987. The trucking industry has paid substantially increased highway user taxes since 1982 in order to fund needed construction and reconstruction of the highway system. ATA strongly urges that the Congress appropriate the funds already paid by the trucking industry for building and rebuilding a federal highway system adequate for trucks and for the motoring public.

A. Safety

A safe motor carrier operation is good business practice. It provides for efficiency and productivity, reduces insurance claims and premiums, saves fuel, and consequently fosters a positive image of the trucking industry.

We also view truck safety as an important public safety issue. The automobile and the highway network in this country are essential to the American way of life. The public and the American economy depend on truck transportation to provide the goods, services, and materials that move America. The motoring public and the trucking industry must share the highway system and all highway users must work together to assure highway safety.

Trucks travel 140 billion miles each year servicing the American economy and the American public. The nature of truck operations, the interactions of trucks with the motoring public and the exposure of truck traffic to adverse weather conditions, varying traffic situations, and all types of highway design make safety an important industry issue.

Despite the variety of its operating conditions, the trucking industry has always had an outstanding safety record. There are thousands of professional truck drivers who have records of more than 1 million accident-free miles. There are numerous trucking companies with excellent safety programs and safety records.

There appears to be a relationship between smaller motor carrier profit margins and unsafe motor carrier operations; yet, DOT insists that the economic environment in which the trucking industry operates today has had no effect on safety.

On the other hand, a top DOT official recently told Congress that "with stronger capital investment levels has come a historic improvement in railroad safety. The number of train accidents has been cut by two thirds since adoption of the Staggers Act."

Obviously, there is a contradiction in the DOT position. There is a strong tie between economics and safety in all modes of transportation, including the truck industry.

These indicators portend the possibility of further increases in truck accidents in 1986 and future years, unless strong, positive actions are taken quickly by industry and government.

B. Research

Government and government-sponsored research does not devote much attention to trucks, and the bulk of government work is aimed solely at highways, bridges, pavement, and so forth. In 1986, the U.S. DOT proposed only slightly more than \$1 million for truck research. By comparison, Federal Rail Administration

funding is set at \$15 million, and the Federal Aviation Administration research funding is \$196 million.

C. The Need for a Motor Carrier Administration

ATA would also emphasize the need to establish a Motor Carrier Administration within the DOT. ATA continues its strong support of S. 1710, which would create such a Motor Carrier Administration. The creation of this DOT Administration would serve several important functions, for example:

The centralization of DOT's motor carrier activities, largely in the area of safety, will save the government money and also promote efficiency. Currently, the safety programs are dispersed throughout the DOT. The Bureau of Motor Carrier Safety is in the Federal Highway Administration, the Heavy Truck Research Group is a part of the National Highway Traffic Safety Administration, and the Materials Transportation Bureau is in the Research and Special Programs Administration. The suggested consolidation of these departments will provide a coherent, streamlined structure to save the government money and enhance regulatory efficiency.

In sum, Mr. Chairman, the trucking industry is the only mode without a modal administration. Yet, trucking hauls more freight, travels more miles, employs more people, and pays more taxes than any other mode. Equity demands that our industry receive equal representation through the establishment of a Motor Carrier Administration.

CONCLUSION

ATA has consistently urged Congress to provide the ICC with adequate appropriations to enable it to fulfill its mandated responsibilities in an efficient, reasonable and expeditious manner. The Commission's primary functions involve the regulation of rates, data collection and reporting, the monitoring of carrier fitness, and the enforcement of regulations intended to protect motor carriers and the public from unsafe, unlawful and unfair practices.

ATA urges this Subcommittee and Congress to appropriate the full \$48.3 million to the ICC for Fiscal Year 1987. These funds are essential to ensure that the agency has an adequate staff and resources to carry out these essential functions.

Thank you Mr. Chairman, and other members of this Subcommittee for your time and consideration of ATA's position on the ICC and DOT FY 1987 budgets. I would be pleased to answer any questions which you might have.

CONGRESSIONAL WITNESS

STATEMENT OF HON. JOHN GLENN, U.S. SENATOR FROM OHIO

ACCOMPANIED BY:

FRED PIZZEDAZ, EXECUTIVE DIRECTOR OF THE NORTHEAST OHIO
AREAWIDE COORDINATING AGENCY

EUGENE KRAMER, REPRESENTING THE GREATER CLEVELAND
GROWTH ASSOCIATION

Senator ANDREWS. Our next witness is our colleague Senator John Glenn, representing Cleveland, OH.

Senator, good to have you here. We appreciate your taking the time to come and testify on a very important issue.

Senator GLENN. Thank you, Mr. Chairman. With your permission I would like to ask the people from Cleveland who are the expert witnesses to join me at the table here.

Senator ANDREWS. We are glad to have them up.

Senator GLENN. Mr. Chairman, I want to thank you for the opportunity to appear before you today, and I am here on behalf of my State of Ohio to request your continued assistance in helping Ohio obtain Discretionary Interstate Substitution funding for fiscal year 1987.

The assistance you gave Ohio last year is making possible very significant progress in repair of streets and bridges and other facilities identified in 1979 as the preferred alternative to construction of a northeast Ohio segment of Interstate Route 490.

Thanks to you and the fine work of the other members of this subcommittee, Ohio now is about halfway through its Interstate Substitution Program. And our multimillion-dollar backlog of IX projects is finally moving.

There remains, however, 100 million dollars' worth of projects to be completed in Ohio's Interstate Substitution Program. These projects have already been postponed for the better part of a decade.

A program for timely completion of these projects was important to the substitute decisions made back in 1979. Continued delay, postponement, and interim repairs have been costly not only in dollars, but in safety and productivity as well. More than 59 million dollars' worth of these remaining projects could be undertaken next year, if substitution funding were to be made available.

At the current time we do not know what our formula entitlement for Interstate Substitution funds will be in 1987. But we expect that Ohio's formula portion of the program will probably be decreased substantially in coming years, due to the addition of Westway Substitute in New York and the lower authorization and appropriation levels. Hence, discretionary assistance is of greater importance now than ever before.

Mr. Chairman, I regard the Federal commitment to Interstate Substitution projects as important to the national interest as the completion of the Interstate System. Indeed, for those communities directly involved, it is more important, perhaps.

The subcommittee has demonstrated that it agrees that the Federal Government must keep its promises. Seven years ago, the people of Ohio determined that repair of the infrastructure already in place would be a satisfactory and desirable alternative to construction of an Interstate 490 connector in Cleveland. This decision was endorsed by the U.S. Department of Transportation, too. Unfortunately, it has taken years to move this project to the halfway mark.

Therefore, I ask your consideration for \$59,980,000 in discretionary funds for Substitute projects in fiscal year 1987.

I would like today, also, to introduce two expert witnesses to briefly define Ohio's fiscal year 1987 project needs and explain the implications of further delay.

They are Mr. Fred Pizzedaz, executive director of the Northeast Ohio Areawide Coordinating Agency, and Mr. Eugene Kramer, representing the Greater Cleveland Growth Association.

In closing, Mr. Chairman, I extend Ohio's thanks and appreciation for your assistance last year and, as always, we will provide any additional information that the committee may need or you may request personally.

Senator ANDREWS. Thank you very much Senator, for introducing the witnesses.

Mr. Kramer?

STATEMENT OF FRED PIZZEDAZ

Mr. PIZZEDAZ. First of all, let me extend the gratitude of 10.6 million people—Ohio residents—and 2.2 million—Northeast Ohio residents—to you, Mr. Chairman and members of the subcommittee for permitting us time to share with you a problem national in scope, which I suspect is solvable in our corner of the world, which is the new home of the Rock 'N Roll Hall of Fame and, at least recently, the first-place Cleveland Indians. All we have to do, of course, is convince you and the subcommittee of that.

My name is Fred Pizzedaz, executive director for the the Metropolitan Planning Organization [MPO], owned by and advocating the interests of those 2.2 million people, all residing within 172 general purpose local governments within the five northeast Ohio counties represented by our agency. We are talking about the Greater Cleveland area.

As you have heard before, a decision was made not to build the 7.9-mile segment of the interstate in our region. We conducted a study that established that the motoring public would save about 1 minute of driving time had we built it. We made ourselves eligible for the interstate transfer account, we substituted projects, we filed with two successive Governors and two Secretaries of U.S. DOT, both Mr. Goldschmidt and Ms. Dole, our application, all of which was approved.

We are, as Senator Glenn noted, about halfway through the operation. Unfortunately, then, we find that the program which is just beginning to bear fruit is now subject to additional budget constraints and deficits which arise to cloud an otherwise, we feel, clear contractual bargain.

Elsewhere in testimony here provided in the document are the specific identified projects which total the number of dollars which Senator Glenn indicated. Each of those are available for contract letting between now and the end of fiscal year 1987.

Senator ANDREWS. Thank you very much, Mr. Pizzedaz. The committee receives numerous requests for discretionary highway and transit funds. Can you assure the committee that if the amounts requested were provided that the funds would be obligated in fiscal year 1987?

Mr. PIZZEDAZ. We have no choice, Mr. Chairman. As you well know, the apportionments today are against the time clock that, if not used, are lost and if one does not turn in an A report card for last year's

funds, one is in serious trouble with the Congress for next year's fund. So the pressure is on the region to spend the funds.

Senator ANDREWS. But you will be able to obligate, if the money is provided.

Mr. PIZZEDAZ. Absolutely, sir.

Senator ANDREWS. OK. Thank you very much.

[The statement follows:]

STATEMENT OF EUGENE L. KRAMER, POLICY COMMITTEE, BUILD UP
GREATER CLEVELAND

I AM EUGENE L. KRAMER, PARTNER IN THE FIRM OF SQUIRE, SANDERS AND DEMPSEY IN CLEVELAND, OHIO. I AM HERE TODAY IN MY CAPACITY AS A MEMBER OF THE POLICY COMMITTEE, THE GOVERNING BODY OF THE BUILD UP GREATER CLEVELAND PROGRAM. THAT PROGRAM IS A PUBLIC-PRIVATE PARTNERSHIP ESTABLISHED UNDER THE AUSPICES OF THE GREATER CLEVELAND GROWTH ASSOCIATION (OUR CHAMBER OF COMMERCE) TO DEVELOP AND TO PURSUE A CAPITAL INVESTMENT STRATEGY FOR REHABILITATING OR REPLACING THE HIGHWAYS, BRIDGES, TRANSIT, WATER AND SEWER SYSTEMS IN THE CLEVELAND AREA IN THE 1980'S.

IN MY TESTIMONY TODAY I WOULD LIKE TO URGE YOUR MOST SERIOUS CONSIDERATION OF OUR REQUEST FOR DISCRETIONARY FUNDS UNDER THE IX PROGRAM FOR URGENTLY NEEDED PROJECTS IN OHIO'S HIGHWAY AND TRANSIT SYSTEMS.

AFTER FY 1986, OHIO WILL STILL BE DUE \$87.4 MILLION HIGHWAY FUNDS (41% OF ORIGINAL) AND \$18.5 MILLION TRANSIT FUNDS (39% OF ORIGINAL) FROM HAVING TRADED A 7.8 MILE STRETCH OF I-490 FOR A LIST OF MORE URGENTLY NEEDED LOCAL PROJECTS IN 1980 UNDER THE INTERSTATE SUBSTITUTION IX PROGRAM ESTABLISHED BY CONGRESS. OUR REQUEST TODAY IS FOR \$47.58 MILLION FOR A LIST OF HIGHWAY PROJECTS IN OUR 5-COUNTY AREA THAT COULD USE THESE FUNDS RIGHT NOW AND FOR \$12.4 MILLION FOR BUSES AND GARAGE REHABILITATION FOR OUR REGIONAL TRANSIT

AUTHORITY. WE WILL SEEK FURTHER IX FUNDS IN FUTURE FISCAL YEARS. MR. CHAIRMAN, IN THIS REQUEST OHIO'S PUBLIC AND PRIVATE SECTORS SPEAK WITH ONE VOICE: THE FUNDS WE REQUEST, ENTITLED TO US BY LAW, ARE ESSENTIAL INVESTMENTS IN THE PRESENT ECONOMIC VITALITY AND FUTURE DEVELOPMENT OF OUR STATE.

WHEN CONGRESSMAN JIM WRIGHT OF FORT WORTH VISITED OUR CITY LAST MONTH HE OBSERVED THAT IF AMERICA IS TO REGAIN AND RETAIN ITS FORMER WORLD PREEMINENCE IT MUST OVERCOME THE CHALLENGES OF ITS SLIPPING INDUSTRIAL BASE AND ITS DECAYING INFRASTRUCTURE. NOTING THAT CLEVELAND EPITOMIZES THESE NATIONAL PROBLEMS, HE WENT ON TO SAY, "SPARKED BY THE VISION OF THE GROWTH ASSOCIATION AND BLESSED WITH AN ENERGETIC AND EFFECTIVE CONGRESSIONAL DELEGATION, CLEVELAND IS STRUGGLING VALIANTLY TO RENEW THE CENTRAL SYSTEMS AND TO REBUILD THE DECAYING NETWORK OF ROADS AND BRIDGES WHICH ARE THE ARTERIES OF YOUR ECONOMIC LIFE." HE ALSO SAID, "JUST AS CLEVELAND HAS SEEN THE NEED FOR A LOCAL STRATEGY, WE NEED A NATIONAL STRATEGY".

SPEAKING FROM THE PRIVATE SECTOR POINT OF VIEW, WE AGREE WITH JIM WRIGHT. IT IS OUR BELIEF THAT THE NATION'S ECONOMIC VITALITY AND STRENGTH DEPENDS ON A VIABLE PUBLIC CAPITAL PLANT JUST AS MUCH AS IT DOES ON MODERN PRIVATE CAPITAL PLANTS AND EQUIPMENT. THIS NEED IS EVEN MORE CRITICAL IN OHIO'S CASE, AS OUR STATE IS UNDERGOING A PROTRACTED AND SOMETIMES PAINFUL

FUNDAMENTAL TRANSFORMATION OF ITS ECONOMY. IN OUR CASE THE FUNDS WE REQUEST ARE OVERWHELMINGLY FOR THE REHABILITATION AND RENOVATION OF EXISTING FACILITIES AND ARE NEEDED IN PART FOR THE CAPITAL RENEWAL STRATEGY JUST MENTIONED.

LET ME DESCRIBE THIS STRATEGY BRIEFLY. SOME OF YOU MAY ALREADY KNOW OF IT. CALLED THE "BUILD UP GREATER CLEVELAND PROGRAM", IT REPRESENTS COMMITMENT IN OHIO'S LARGEST URBAN CENTER TO KEEP OHIO'S FORTUNES ON THE MEND.

AS EARLY AS 1981 THE PUBLIC AND PRIVATE SECTORS IN OUR COMMUNITY REALIZED THE URGENT NEED TO REPAIR OR REPLACE MAJOR COMPONENTS OF OUR AGING ROAD, BRIDGE, TRANSIT, SEWER, AND MUNICIPAL WATER INFRASTRUCTURE. LOCAL PUBLIC OFFICIALS WITH HELP FROM PRIVATE CITIZENS WORKED COOPERATIVELY ACROSS JURISDICTIONAL AND POLITICAL LINES TO FORMULATE A COORDINATED, COMPREHENSIVE, AND WORKABLE PLAN FOR ADDRESSING THESE INFRASTRUCTURE NEEDS. ACTING IN CONCERT WITH ESTABLISHED MECHANISMS FOR OBTAINING FEDERAL ASSISTANCE, SUCH AS NOACA, WE DEVELOPED A PLANNING AND FINANCING PROGRAM WHEREBY OUR BASIC INFRASTRUCTURE NEEDS COULD BE MET.

PLANNING WAS COMPLETED IN FOUR KEY STEPS. FIRST WE SURVEYED THE TOTAL INVESTMENT NEEDS AND PROJECTED FUNDING. FACED WITH A HUGE FINANCING GAP, WE NEXT REASSESSED THESE NEEDS WITH A COMMON SET OF GUIDELINES,

OR CRITERIA: HEALTH AND SAFETY, IMPORTANCE TO SYSTEM, AND SO FORTH. THE RESULT OF PARING DOWN AND POSTPONING WAS A FIVE-YEAR PROGRAM OF ABOUT \$1.6 BILLION OF NEEDS; LOCAL, STATE AND FEDERAL FUNDS WERE EXPECTED FOR ABOUT HALF OF IT, LEAVING AN ESTIMATED SHORTFALL OF \$650 TO \$850 MILLION. THIRD, MANY ALTERNATIVES FOR FINANCING THIS SHORTFALL WERE REVIEWED. FINANCING METHODS FINALLY ADOPTED STRESSED USER FEES AND PRACTICALITY.

NOTE THAT INTERSTATE SUBSTITUTION FUNDS ARE AN EXPECTED SOURCE OF INCOME FOR THE MOST ESSENTIAL REHABILITATION NEEDS DERIVED FROM THE BUILD UP GREATER CLEVELAND PROGRAM.

OVER THE YEARS SINCE THE INTERSTATE SYSTEM WAS INITIATED IN 1956, OHIO TAXPAYERS HAVE CONTRIBUTED OVER A BILLION DOLLARS MORE TO THE HIGHWAY TRUST FUND THAN THEY RECEIVED IN FEDERAL HIGHWAY INVESTMENT. OHIOANS HAVE MADE THIS CONTRIBUTION TO THE NATIONAL INTEREST WILLINGLY IN THE BELIEF THAT OUR NEEDS WOULD BE FAIRLY AND EQUITABLY CONSIDERED BY CONGRESS AND DOT. OUR PEOPLE HAVE CONSISTENTLY SUPPORTED TAX INCREASES TO BUILD AND MAINTAIN THE FEDERAL-AID HIGHWAY SYSTEM, AND TO SUPPORT UMTA PROGRAMS AS WELL.

IN SUMMARY, MR. CHAIRMAN, THE PUBLIC AND PRIVATE SECTORS OF OUR AREA ARE UNIFIED ON THE ISSUE OF THE NECESSITY OF THESE IX FUNDS. WE CONSIDER THAT THE HIGHWAY AND TRANSIT FUNDS WE REQUEST WILL BE SOUND

INVESTMENTS WHICH WILL CONTRIBUTE SIGNIFICANTLY TO INCREASED PRODUCTIVITY AND ECONOMIC DEVELOPMENT OF OUR AREA AND STATE, AND THUS THE NATION.

WE ARE AS CONCERNED AS ANY AMERICANS ABOUT THE NATIONAL BUDGET DEFICIT, BUT WANT TO POINT OUT THAT WE ARE REQUESTING ONLY PART OF THE IX FUNDS TO WHICH WE ARE ENTITLED BY LAW AND THAT THE MONIES WOULD BE USED IN AN AREA WHICH HAS DEVELOPED A PUBLIC/PRIVATE PROGRAM OF INFRASTRUCTURE PLANNING AND FINANCING DESIGNED TO YIELD THE MOST EFFECTIVE AND EFFICIENT USE OF SCARCE FEDERAL, STATE, AND LOCAL RESOURCES. OHIO AND CLEVELAND ARE DIGGING OUT; WE ARE COUNTING ON THE FEDERAL GOVERNMENT TO KEEP FAITH WITH US WITH ITS SHARE.

THANK YOU VERY MUCH.

RAILWAY LABOR EXECUTIVES ASSOCIATION

STATEMENT OF OLE M. BERGE, CHAIRMAN, AND PRESIDENT, BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYEES

ACCOMPANIED BY:

JAMES R. SNYDER, CHAIRMAN, LEGISLATIVE COMMITTEE
WILLIAM G. MAHONEY, COUNSEL
LARRY MANN, COUNSEL

Senator ANDREWS. Our next witness from the Railway Labor Executives Association, Mr. Ole Berge, chairman; Mr. Joe Snyder, chairman—Jim Snyder—golly, Jim, I got it wrong; and Bill Mahoney is the counsel.

Good to have you here.

Mr. BERGE. Thank you.

Mr. Chairman, my name is Ole Berge; I am chairman of the RLEA, and I am also president of the Brotherhood of Maintenance of Way Employees. With me this morning is Jim Snyder, who is the chairman of RLEA's Legislative Committee. On his right is Larry Mann, counsel for the RLEA. On my left is Mr. Mahoney, also counsel for the RLEA.

I have a prepared statement that I would ask be inserted in the record.

Senator ANDREWS. It would be in the record as though you had uttered every word.

Mr. BERGE. Thank you, sir. We appreciate this opportunity to present to you our opposition to the loss of rail passenger service in the United States and to the crippling of our urban mass transit system program, which has been eminently successful for over two decades.

We submit that the Amtrak appropriation must be maintained at \$606 million and that the urban mass transit appropriation simply must not be decimated. I would also like to submit for the record a separate statement relating to rail safety appropriations.

I would like, first, to discuss the loss of Amtrak. I say loss advisedly because anything less than Amtrak's essential appropriation of \$606 million would mean cuts in maintenance and operations that would render Amtrak incapable of long-term operation without huge additional infusions of capital in future years.

Amtrak has proved its worth. It has surpassed expectations in its performance over the past few years and its future would look bright except for the annihilation proposed for it by the administration.

The clear, simple economics of public passenger transportation compel a single universal conclusion: Without massive Federal aid—both direct and indirect—to each mode of passenger transportation, none could exist.

If full Federal aid to airlines were considered in determining cost to the taxpayer, each airline passenger costs the Government \$42, while each Amtrak passenger costs \$32.

According to information issued by Amtrak, some 21,000 Amtrak employees would be put out of work, should Amtrak shut down, as well as about 4,200 employees of other railroads who perform services for Amtrak. The loss of these employees will remove some \$100 million annually from the U.S. income tax revenues and \$524 million from the revenues of those 44 States in which they work and live.

The removal of this large number of employees from the payroll of the railroad industry will also have a significant adverse impact on the railroad retirement system, which the Congress very recently and successfully strove to place in a financially viable but at the same time financially delicate posture.

In the very near future, it will have removed some \$3.9 billion from the Railroad Retirement Trust Fund, which provides income to 1 million beneficiaries. What will be the net effect upon the deficit if we junk Amtrak?

The administration has not told us; the President has said that Amtrak cost \$8 billion over the next decade. But Amtrak has cost only \$7.9 billion over the past 16 years. And if the present-needed appropriation was frozen for 10 years, it would cost but \$6.06 billion. However, the President has not stated the amount of tax revenue loss the Government would suffer without Amtrak, and that is the crucial figure.

For all we know, the cost savings and revenue loss will be equal or nearly equal and we will no longer have a rail passenger network. The adverse effects and the quality of life in this country would be much greater than any money loss involved. One must face and answer the question whether the deficit reduction, if any, is sufficient to deprive ourselves forever of an efficient, dependable, rail passenger service which over 20 million people now use each year; and the numbers grow annually.

Certainly neither the administration nor anyone else has provided supportive reasons for answering that question affirmatively. Another proposal of the administration is to cut by 25 to 40 percent the funds given to urban mass transit in this country.

The Congress decided in 1984 that substantial aid to urban mass transportation systems in this Nation was essential. Privately owned transit systems were not economically feasible; they could never pay their way through the fare box. Local and State governments alone simply did not have the financial resources adequate to subsidize mass transit. And without mass transit our metropolitan areas, which continually grow in number and size, would choke to death in their own smog and immobility.

The need was particularly acute for those of our citizens who, for financial or other reasons, simply could not get to and from work without public transportation. That situation has not changed.

To cut 25 to 40 percent from the Federal aid provided to this Nation's 22-year program of mass transit assistance would force the shut-down of a number of systems and the remainder would have to raise fares most likely beyond the point where those who could do so would be forced to drive to and from work and the poor and lower income would pay into a fare box money that should be going for food.

Forced service cuts and the elimination or severe curtailment of capital improvements and maintenance will necessarily result in deterioration nationwide. Our less fortunate citizens will be forced to pay much more for much less.

The American Public Transit Association has estimated that a 25-percent cut in Federal aid would cause the loss of more than 200,000 jobs in the transit industry, thereby swelling the rolls of those receiving unemployment compensation and incurring loss of income tax revenues to the United States and the State treasuries about equal to the amount being cut from the budget. The net result would be no savings to the Government and a deteriorating high-fare mass transit system being utilized by those who can hardly afford to pay existing fares.

We submit this is simply not the way to cut the deficit of this Nation. We ask you not to cut these essential funds.

Thank you, Mr. Chairman.

Senator ANDREWS. Thank you very much, Mr. Berge.

Jim?

STATEMENT OF J.R. SNYDER

Mr. SNYDER. Thank you, Mr. Chairman. This will not take but a minute or so here.

In a separate appropriation that your committee has jurisdiction over, we are having problems under our safety program under FRA here. Just to give you an example here, track defects by inspection, of 107,000 inspections that were made, only 159 violations and 1.15 percentage were found, which were actually placed under fine. Hazardous materials, with which we are all very much concerned in the handling of, defects discovered by the inspectors were 10,268; only 238 out of these were processed, which is 2.3 out of the 10,000, that caused us quite a few problems here as to administering the safety program down there.

Just briefly, Mr. Chairman, we are requesting an additional inspector. We realize the cost of the funding, in cutting back and all, but we think this is very important, if it is possible, one State assigned to each State here on the hazardous material in the crossing situation, which is causing us a considerable amount of problems down there and which, as you know, the public is very much involved in this.

And to implement that, we understand the travel funds, if possible, which is very important for the inspectors to get out is 20 days, if possible, instead of the 15 days per diem and all, which is necessary for the expenses to make these inspections.

And last but not least, the labor management project going on down and dealing with alcohol and drug program, we continue that, that program there. And also we wholeheartedly support the States. We were always hassling in 1970 of having the States play a part in the safety program which the administration is not all that consistent in at times. They are merely trying to send everything back to the States.

And now in this case they are trying to do away with the State program, which has been in effect. And it is only a minimum, I think about \$3 million.

With that, Mr. Chairman, we appreciate the opportunity to appear before this committee. I want to thank you, as chairman, and the staff and each member of the committee for the consideration that they have given these projects in the past and hopefully in the future.

Thank you very much.

Senator ANDREWS. Thank you very much, Jim, for an excellent statement, as always. I have learned that those of us on this side of the table can learn from those witnesses who have a reputation for long-time expertise in the field.

I note that you are opposed to merging FRA's Office of Research and Development with the Office of Safety. Why?

Mr. SNYDER. The main reason for that is that we think it would be much more productive if we had it where we can have investigations made of what's causing these signals, actually out on the property, from people who maintain the signals in the first place, and in the second place the people who have these programs. Schools and all have these programs as far as the crossings and all are concerned.

So we think that it should be earmarked after these—we think it would be much more effective in our opinion. Those research funds, we found over the years, Mr. Chairman, get scrambled around and do not do the job sometimes that we think they should.

Senator ANDREWS. Thank you very much, Jim, for an excellent statement. We appreciate your coming.

[The statement follows:]

STATEMENT OF OLE M. BERGE

My name is Ole M. Berge. I am Chairman of the Railway Labor Executives' Association and President of the Brotherhood of Maintenance of Way Employees. The headquarters of the RLEA is located in the Railway Labor Building, 400 First Street, N.W., Washington, D.C. Accompanying me today is Mr. J. R. Snyder, RLEA Legislative Chairman and Mr. William G. Mahoney, counsel to the RLEA. On behalf of the nation's railroad employees whom we represent, I would like to convey our appreciation for this opportunity to present to you our position of strenuous opposition to the loss of rail passenger service in the United States and to the crippling of our urban mass transportation program which has been eminently successful for over two decades. We submit that the Amtrak appropriation must be maintained at \$606 million if Amtrak is to continue effective operations and that the urban mass transit appropriation simply must not be decimated. I am also submitting a separate statement relating to rail safety appropriations.

The Railway Labor Executives' Association is an unincorporated association with which are affiliated the chief executive officers of all of the standard national and international railway labor unions in the United States. The organizations whose chief executive officers are members of the RLEA are listed below:

- American Railway & Airway Supervisors Association,
Division of BRAC
- American Train Dispatchers' Association
- Brotherhood of Locomotive Engineers
- Brotherhood of Maintenance of Way Employees
- Brotherhood of Railroad Signalmen
- Brotherhood Railway Carmen of the United States
and Canada
- Brotherhood of Railway, Airline and Steamship
Clerks, Freight Handlers, Express and
Station Employees
- Hotel & Restaurant Employees and Bartenders
International Union
- International Association of Machinists and
Aerospace Workers
- International Brotherhood of Boilermakers
and Blacksmiths

International Brotherhood of Electrical Workers
 International Brotherhood of Firemen & Oilers
 International Longshoremen's Association
 National Marine Engineers' Beneficial Association
 Seafarers International Union of North America
 Sheet Metal Workers' International Association
 Transport Workers Union of America
 United Transportation Union

I would like first to discuss the loss of Amtrak. I say "loss" advisedly because anything less than Amtrak's essential appropriation of \$606 million would mean cuts in maintenance and operations that would render Amtrak incapable of longterm operation without huge additional infusions of capital in future years.

Amtrak has proved its worth. It has been worth the investment made in it by the employees and the unions and the taxpayers. It has surpassed expectations in its performance over the past few years and its future would look bright indeed except for the annihilation proposed for it by the Administration.

When one examines the economics of each form of passenger transportation available to the public in this nation, one is immediately struck by the reality that without massive federal aid to each mode of transportation, none could exist. Federal aid, of course, takes many forms, direct and indirect, from outright grants to tax benefits. Whatever form federal aid takes it remains money going to passenger transportation that would otherwise be in the U.S. Treasury.

If full federal aid to the airlines, including tax revenues lost because of tax deductions for business travel, were considered in determining the cost to the taxpayer of each airline passenger, one would find that cost to be about 30% more than the cost for each passenger riding Amtrak.

The financial and social burdens to the states of eliminating a mode of transportation used by 20 million of their citizens and which provides jobs for some 25,000 people in 44 states could not be borne by them. The Northeast Corridor,

owned by Amtrak, provides the means of commuter travel for tens of thousands of people every day. The individual commuter authorities simply could not fill the transportation gap that would be left by the elimination of Amtrak: and, we have not seen - and will not see - any rush of private companies to buy and operate the Northeast Corridor.

It has been estimated that commuters on the New York-Washington segment of the Corridor would have to pay an additional \$164 million annually and those on the New York-Boston segment would have to pay an additional \$48 million. These amounts would be in addition to the \$65 million annually which they now pay Amtrak.

Because of the planned severe cutbacks in financial aid to mass transit authorities, which I will mention in more detail in a moment, including, of course, those in the Northeast Corridor, there would be insufficient money to continue the commuter operation in the Northeast Corridor and it would be back to the clogged highways for hundreds of thousands of commuters from Washington to Boston with all of the environmental, health, and highway maintenance costs - all borne by the taxpayer - which that return to the highways would produce.

The losses to this country from the permanent elimination of rail passenger service will be many and great. These include the loss to many communities of their sole means of public transportation; the heavy impact upon low income and elderly passengers; national defense implications; the enormous capital waste involved; and the long-term adverse effects upon the overall quality of life in this nation.

The RLEA would like to focus for a moment upon the effects which the elimination of Amtrak will have upon railroad employees. According to information issued by Amtrak, some 21,000 Amtrak employees would be put out of work, as well as about 4,200 employees of other railroads who perform services for Amtrak. The loss of these employees will remove some \$100

million annually from U.S. income tax revenues and \$524 million from the revenues of those 44 states in which they work and live: as much as \$85.8 million from Pennsylvania; \$56.7 million from New York; \$55.9 million from Maryland; \$52 million from New Jersey, and so on. The removal of this large number of employees from the payroll of the railroad industry will have a significant adverse impact upon the railroad retirement system which the Congress very recently and successfully strove to place in a financially viable - but at the same time financially delicate - posture. In the very near future it will have removed some \$3.9 billion from the railroad retirement trust fund which provides income to 1,000,000 beneficiaries. It will also seriously increase the burden on the railroad unemployment insurance system which Congress is presently attempting to preserve by legislative action.

What is the net gain - or loss - to the U.S. Treasury over the next 10 or 15 years if we junk Amtrak? The Administration hasn't told us. The President has said Amtrak would cost \$8 billion over the next decade (a seemingly exaggerated figure since Amtrak has cost but \$7.9 billion over the past 16 years and if the present requested appropriation was frozen for 10 years could cost but \$6.06 billion). However, the President did not say what the cost to the Government would be without Amtrak. Indeed, the loss of tax revenues from Amtrak's unemployed alone would be over \$1 billion not to mention similar revenue losses from the thousands of people and hundreds of companies, large and small, which exist as suppliers of Amtrak. The adverse effects on the quality of life in this country would be much greater than the money involved. One must face and answer the question whether the financial gain, if any (or perhaps loss), to this nation is sufficient to deprive ourselves forever of an efficient dependable rail passenger service which over 20 million people now use each year - and their numbers grow annually. We must answer that question in the negative.

Certainly, neither the Administration nor anyone else has provided supportive reasons for answering otherwise.

Another proposal of the Administration is to cut by 25% to 40% the funds given to urban mass transportation in this country. The Congress decided in 1984 that substantial aid to urban mass transportation systems in this nation was essential. It had been proved repeatedly and at that time was being proved daily that privately owned transit systems were not economically feasible; that they could never pay their way through the fare box; that local and state governments alone simply did not have the financial resources adequate to subsidize mass transit; and, without mass transit our metropolitan areas, which continually grow in number and size, would choke to death in their own smog and immobility. The need was particularly acute for those of our citizens, who for financial or other reasons, simply could not get to and from work without public transportation.

To cut 25% to 40% from the federal aid provided to this nation's 22 year program of mass transit assistance could force the shut down of a number of systems and the remainder would have to raise fares to - and most likely beyond the point - which would compel those who could do so to drive to and from work and would force the poor and lower-middle income to pay into a fare box money that should be going for food.

Forced service cuts and the elimination or severe curtailment of capital improvements and maintenance will necessarily result in deterioration of our mass transport facilities nationwide. Our less fortunate citizens will be forced to pay much more for much less.

The American Public Transit Association has estimated that a proposed \$798 million cut (20%) in federal aid would cause the loss of more than 200,000 jobs in the transit industry, thereby swelling the rolls of those receiving unemployment compensation and shrinking the income tax revenues to the U.S. and state treasuries by about as much as would be cut from the budget.

The net result would be no savings to the Government and a deteriorating mass transportation system being utilized by those who can hardly afford to pay the existing fares.

We submit this simply is not the way to cut the deficit of this nation. We ask you not to cut these essential funds.

Thank you.

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS

STATEMENT OF ROSS CAPON, EXECUTIVE DIRECTOR

ACCOMPANIED BY HARRIET PARCELLS, TRANSPORTATION ASSOCIATE

Senator ANDREWS. Our next witness is Mr. Ross Capon, the executive director of the National Association of Railroad Passengers.

Mr. Capon, good to have you here.

Mr. CAPON. Thank you very much, Mr. Chairman. With me is Harriet Parcells, our transportation associate.

First of all before I forget it, on page 4 of my printed statement, I dropped a rather significant word where I refer to the most expensive segments of the 90-percent federally funded interstate system—in the middle of the page, I meant to refer to the most expensive remaining segments.

Senator ANDREWS. Fair enough. It will be corrected accordingly.

Mr. CAPON. Thank you.

We have received so many letters from people saying they support so much of what President Reagan is trying to do, but they just cannot understand where he's coming from on public transportation and we, of course, as advocates of balanced transportation are very respectful of and appreciative of the work that you and your subcommittee have done to try to maintain a semblance of balanced transportation in the budget; we very much appreciate that. And part of our way of showing appreciation is to keep my remarks very brief and just make two very quick points.

Senator ANDREWS. You know how to appeal to the committee.

Mr. CAPON. We strongly support funding Amtrak at the full authorized level; we think they need this to maintain their precious reputation, their young reputation as a reliable carrier. We hope also to see funding of as much as possible of the \$24 million, which I understand Amtrak has requested for the Northeast corridor improvement project, which has a national impact in that to the extent that NISA funds are not appropriated; they wind up invariably, it seems, taking their very scarce national capital and putting that in the Northeast.

And the second point is we hope it will be possible to maintain mass transit funding at current levels. We are very concerned about the Federal role in encouraging the proliferation of suburban development that is almost totally dependent on the automobile.

And thank you very much for your work and your time.

Senator ANDREWS. Thank you very much, Mr. Capon.

The recent drop in oil prices helped Amtrak's operating expenses, but lower gas prices might get more people in cars.

Has anyone estimated the impact on Amtrak ridership? We are looking favorably on the decrease in operating cost. What is going to happen to the ridership?

Mr. CAPON. My impression is that the ridership on the short-distance trains outside the Northeast corridor, which is Amtrak's weakest point because the trains are generally fairly slow, is where they are going to take the hit.

I heard Mr. Claytor's testimony about overall they were not going to come out ahead. My guess would be that it would be relatively small impact on the long-distance trains and the Northeast corridor but that the short-distance trains around Chicago, for example, would be one place where they would probably come out way behind, in terms of a prolonged decrease in gasoline prices.

Senator ANDREWS. Thank you very much.

[The statement follows:]

STATEMENT OF ROSS CAPON

Mr. Chairman and Members of the Subcommittee, thank you for this opportunity to present the views of our Association, which is non-profit, consumer-oriented, and supported entirely by membership dues and contributions. We receive no financial support from the government, Amtrak, the railroads, or rail labor unions.

We thank the subcommittee for its strong support of Amtrak to date--both dollar-wise and in terms of well-informed and helpful report language. For example, your report last year stated: "Amtrak and the representatives of the employees of Amtrak are encouraged to continue to negotiate changes in existing agreements between such parties that will result in cost savings to Amtrak. Amtrak and the representatives of rail labor are to report the results of their negotiations to the House and Senate Committees on Appropriations by March 15, 1986." That passage probably deserves much of the credit for the recent successful conclusion of agreements under which Amtrak will employ many train and engine crews under terms specifically negotiated for more efficient passenger-train operations.

I. Summary

This year, we seek the subcommittee's support for full funding of Amtrak's \$606.1 million FY '87 authorization. It is imperative that Amtrak, which has suffered sharp funding reductions in recent years, maintain its still-young record as a reliable form of transportation; we believe full funding would best do this.

We also hope that the FY '87 transit funding level will be at least as great as the current level, particularly in light of the fact that the Congressional Budget Office has said that funding from the Mass Transit Account--monies from the 1-cent-per-gallon gas tax for transit--could be increased from the current \$1.1 billion/year to \$1.9 billion without raising taxes.

Finally, we are concerned about the financial health of the rail freight industry and are opposed to legislation that would further expand truck sizes and subsidies.

II. The Strong Case for Amtrak

I will spare the committee a repetition of most of what I covered in my 14-page statement of May 1, 1985. That statement included lengthy discussions of the important benefits Amtrak provides the nation and the history of subsidies to other modes which helped weaken the passenger train network prior to Amtrak's creation. I noted that:

1. Only 5 intercity common carriers handle more passengers than Amtrak. If Amtrak shut down, all 20 million of its passengers would either be diverted to over-crowded airways or highways or be cancelled, depriving the economy of those travel dollars;
2. We need Amtrak's people-moving capacity to efficiently handle growing demand for intercity passenger transportation;
3. Amtrak is the most reliable and safest form of transportation in heavy snow or fog;
4. Overall, public transport including Amtrak is 30 to 50 times safer than traveling by private automobile, yet Amtrak surveys indicate that, absent trains, 45% of all Amtrak passengers would drive;
5. Many Amtrak riders (because of medical problems or fear of flying) and smaller communities lack alternative transportation;
6. Amtrak benefits rail commuters and freight shippers because "when many users share a system, the costs each user must pay tend to decline."; and
7. Amtrak's mail and express business helps reduce wear and tear on the nation's highways and provides unique services that in many cases might not otherwise exist.

Further with regard to #2 above, the subcommittee may be interested in some new evidence of the importance of rail passenger service and of the inability of an aviation-and-highways-only transport system to cope with projected future travel. The April 8, 1986 issue of Airports

(published by News Group Publications, Inc., who also publish Aviation Daily) included a table headed: "CAPACITY AND DEMAND AT 32 SELECTED AIRPORTS, 1984 and 1995." Here are some of the figures from that table:

	Operations as a Percentage of Capacity	
	Projected 1995	Actual 1984
1. Chicago O'Hare	223%	155%
6. Boston Logan	155	126
7. Washington National	148	126
10. New York LaGuardia	136	146
11. New York Kennedy	136	133
13. Newark	125	127
16. Baltimore-Washington	119	85
27. Philadelphia	93	71

Amtrak's discontinuance would mean even more pressure on already-congested airports; conversely, Amtrak's survival and improvement might reduce airport congestion below projected levels.

III. Continuing Amtrak Sympathy at DOT

My 1985 statement also included lengthy pro-Amtrak quotations dating from 1984, from both Secretary of Transportation Elizabeth Dole and Federal Railroad Administrator John Riley. This year, it is worth noting some evidence that, notwithstanding the administration's FY '86 and '87 budget proposals, the Secretary and Administrator remain sympathetic to Amtrak's continued existence.

On Oct. 1, 1985, at a Union Station ceremony transferring management of the Northeast Corridor Improvement Project from FRA to Amtrak, Administrator Riley said: "This project is a combination of foresight and good management. This is now the 5th-fastest corridor in the world."

As this subcommittee knows, Mr. Riley's appropriations testimony here Apr. 9 and before Rep. Lehman Mar. 13 contained many statements supportive of Amtrak--its management, its labor relations progress, and its safety record.

Similarly, one could infer a recognition of Amtrak's importance from Secretary Dole's refusal to acknowledge at her Feb. 5, 1986 news conference that adopting the President's budget would mean killing the intercity passenger train. When asked what would happen to Amtrak's tracks and trains if the President's budget prevailed, she said, "I don't think it'll shut down."

That comment and her subsequent reference to "innovative thinking" by the states which has "already been going on" must be seen in the context of Mr. Riley's testimony here last month about state funding and the Secretary's own testimony April 23, 1985 (before a House Energy & Commerce subcommittee) that private enterprise is not "likely" to do the job.

IV. Amtrak Needs \$606.1 Million

Last year, Amtrak Pres. Claytor said that Amtrak, which received \$684 million in FY '85, could live with \$616 million this year (a 10% cut) only with great difficulty. Those difficulties are becoming more obvious. Claytor said in March that Amtrak is already "in a bit of a ditch with deferred maintenance" and that he must restore shorter intervals between heavy maintenance on locomotives. On a recent San Francisco-to-Chicago trip, my train was delayed a total of more than 2-1/2 hours by two engine failures.

Amtrak has been setting performance records in recent years largely because of its recently-established reputation for reliability. If that young but precious reputation is lost, Amtrak's ability to

continue improving its revenues-to-costs ratio will also disappear, as will the pattern of increases in passenger-miles handled. (The 4.83 billion passenger-miles Amtrak handled in FY '85 was 6% above the FY '84 level, 16% above that of FY '81, and less than 2% below the record set in FY '79 when the gasoline crisis virtually forced passengers onto all forms of public transportation and Amtrak itself had a larger route structure than it does today.)

We fear that, without the full \$606.1 million plus continued Northeast Corridor Project funding, Amtrak will be forced before October 1 to choose between losing revenue as a result of major service cutbacks or a continued deterioration in service quality. We believe Amtrak can afford neither approach and strongly hope you will find it possible to fund Amtrak at the authorized level. [Although the new authorization will increase payments to Amtrak by freight carriers using the Northeast Corridor, significant cost increases for Amtrak are also included. The Railroad Unemployment Repayment Tax, which also affects freight railroads, was estimated to cost Amtrak \$4 million this year; and \$8-14 million in FY '87. The new law also imposes smaller cost increases relating to customs and immigration.]

V. Mass Transit Funding

Secretary Dole has justified massive cuts in transit funding partly by saying "mass transit is a clear example of a local matter best addressed by local management, local decisionmaking, and local financing." We disagree--because of the impact of the federal highway program.

The most expensive remaining segments of the 90%-federally-funded Interstate system compete with transit; local traffic predominates on them. For example, The Washington Post reported on March 14 that the "Beltway...was designed to divert interstate traffic around the heart of Washington. Instead, with its completion in August of 1964, the suburbs sprang alive, and soon the Beltway was an overburdened commuter route. Today, more than two-thirds of all trips on the Beltway are local traffic." On radial commuter Interstates such as the Shirley Highway the percentage of local traffic must be even higher.

Not only have urban "Interstates" competed with mass transit in the traditional short-term sense of encouraging more people to drive to work downtown; circumferential highways in particular have helped spawn a huge growth in jobs for which mass transit access is difficult or impossible to provide. Thus a major problem in Washington and other cities is how to get people without cars to jobs located where cars are virtually essential. Another problem is how anyone can get to work in severe weather or after major accidents, given the unreliability of highways in bad weather and the high frequency of system-paralyzing highway accidents.

The basic point is this: the federal government's construction of "local Interstates" helped create a problem to which federal mass transit aid is a partial solution. It would be unconscionable for the federal government to walk away from an urban transport problem which federal policy helped create.

Moreover, the federal government's contribution to this problem continues: the Congressional Budget Office testified on July 10, 1985 before the Senate Committee on Environment and Public Works that more than half of the cost of unbuilt Interstate segments are of local significance and are not needed to link principal cities.

VI. Preserving the Tracks Amtrak Uses

So much has been said and written about the wonders which the Staggers Act has done for the rail freight industry that there is a tendency to overlook the serious problems still confronting that industry. While the railroads have held onto to their share of revenue ton-miles during the past decade, this reflects growth in less-profitable bulk commodity traffic, especially coal. More significantly, railroads' share of revenues dropped from 23.9% in 1975 to an estimated 17% last year.

Year	Rail's % of Intercity Freight	
	Revenues	Ton-Miles
1929	72%	74.9%
1960	31.1%	44.1%
1965	27.4%	
1975	23.9%	36.7%
1980	20.4%	37.5%
1983	17.7%	36.4%
1985 (preliminary)	17.0%	

Thus we oppose efforts to allow still bigger truck sizes and subsidies. Railroads are already at a disadvantage because their infrastructure is privately owned, meaning:

(a.) railroads' right-of-way costs do not decline as sharply in "recession" years as do truckers' right-of-way costs (truck highway user charges are directly proportional to highway usage); and

(b.) railroads have a high financial exposure to unusual weather conditions (such as the floods California experienced in February) and the resulting damage to infrastructure.

Some of our board members are skeptical about whether there is a long-term future for private, infrastructure-owning railroads trying to compete with highway and water carriers using publicly-owned infrastructure, but our board is united in opposing further increases in allowable truck weights.

Thank you very much for the opportunity to appear.

NATIONAL CONFERENCE OF STATE HIGHWAY OFFICIALS

STATEMENT OF WILLIAM T. DRUHAN

Senator ANDREWS. Our next witness is Mr. William Druhan of the American Association of State Highway and Transportation Officials.

Mr. Druhan, good to have you here.

Mr. DRUHAN. Thank you, Mr. Chairman. Good morning. I hope to be a member of your 2-minute drill team here.

Senator ANDREWS. Yeah, you are a good member of the 2-minute drill team. That will help us get caught up. We appreciate that.

Mr. DRUHAN. One of the big reasons for that is there really has not been all that much change since last year when we were here to testify. We were here trying to get additional support for our local rail service assistance program, the Rail Safety State Participation Program, 403(b) Amtrak trains, and the 505/511 programs.

We just want to say that the railroads are still rationalized in their systems, the numbers of shortline railroads are increasing, and we need this program on local rail service to be a catalyst, to be a player in the game, so we can foster shortline railroads to replace the branch lines that are being abandoned.

Jim Snyder spoke eloquently of our State Participation Program; it is one of the smallest programs of the Federal Government and does a remarkable job as you heard testimony already about the reductions in safety. Every safety program can be a part of that; no one can take full credit, but we can take partial credit.

There are only six States left now, that are supporting Amtrak trains because the cost has gotten so prohibitive for other States, and we hope that when you are considering the Amtrak budget, that you will make

sure that there is sufficient funding for Amtrak to pay its portion of the 403(b) trains for the remaining programs.

In summary, we appreciate the support you have given us in the past and hope that you may be able to do it for a little while longer till we get out funding programs in order so that we can take over the whole function.

Thank you, Mr. Chairman.

Senator ANDREWS. We will certainly give it a try.

What would you suggest the committee do about the inactivity of FRA's financial strike force, should it be funded?

Mr. DRUHAN. Well, sir, Mr. Riley has spoken eloquently to that and he is a good friend of mine and I do not want to speak against him. But I will say this: that I have polled my States and very few of them have heard from it. They were really amazed; this program was supposed to have been in existence for 2 years. As of last month, there were only about a half a dozen States that even knew it was in existence. They have never bothered to write to the States to say that there is such a program and can do whatever it is doing. To us, it is just an enigma.

Senator ANDREWS. We have given it \$350,000 for the last 2 years, \$350,000 a year for the last 2 years, and we have not heard all that much about it, either. And that is why I wanted to ask you.

Mr. DRUHAN. Well, sir, it did not come up in this year's hearing, so I do not know what they are doing this year. Last year they testified that it was one man part-time that spent an estimated \$50,000.

Senator ANDREWS. Well, they must be absorbing the rest of the money someplace else. Maybe we can absorb it back into the pot.

Mr. DRUHAN. And put it in the local rail services assistance fund, sir. Don't let it just go out completely.

Senator ANDREWS. We asked you for a suggestion and, as always, we got a good one.

Thank you very much.

[The statement follows:]

STATEMENT OF WILLIAM T. DRUHAN

Mr. Chairman, my name is William T. Druhan. I am representing the National Conference of State Railway Officials, a Standing Committee of the American Association of State Highway and Transportation Officials. I appreciate very much your invitation to appear today to express the Association's views on a number of rail issues. I am appearing in place of Ray D. Bass, Chief Executive Officer, Alabama Highway Department and Chairman of NCSRO. Mr. Bass regrets very much that he is unable to attend today.

The Association is requesting appropriations for fiscal year 1987 for the continuation of the Local Rail Service Assistance Program, the Railroad Safety State Participation Program, state supported Amtrak trains, and the Redeemable Preference Share and Load Guarantee Programs (i.e., the Section 505 and 511 Programs).

The Association at the outset wishes to express its concern about the fiscal problems currently confronting the nation and the efforts being made by the Congress, and this particular Subcommittee, to reduce the budget deficit. The Association is fully cognizant of the importance of this problem and the difficulty of your task in fulfilling the responsibilities of this Subcommittee. The Association is also aware of the fact that few, if any, organizations associated with programs under the jurisdiction of this Subcommittee are willing to accept a reduction in funding. Although included in that group, we believe there is no justification for the elimination of funding for all state rail programs. Failure to provide Federal funding these rail programs would result in their abolishment in many states. Such an action fails to recognize the merits of the program as established by prior accomplishments and endorsement by the authorizing committees.

Local Rail Service Assistance Program

AASHTO is strongly opposed to the elimination of the funding for the Local Rail Service Assistance Program (LRSA) as again proposed in the federal budget for fiscal year 1987. The LRSA Program should be considered as a capital investment essential to interstate commerce and not merely as another expense adding to the federal deficit. Projects undertaken with federal financial assistance under this program have proven to have very good cost benefit ratios. The program should be continued because of the anticipated benefits of the proposed projects essential to the economic well being of many communities. In addition, the program satisfies the desirable criteria for state and community involvement with continuing benefits.

The Local Rail Service Assistance Program was established by the Regional Railroad Reorganization Act of 1973 in recognition of the burdens placed upon the states as a result of changes made to the Interstate Commerce Act. The program provides financial support to the states for the continuation of rail freight services on light density lines. This assistance is in the form of capital rehabilitation and improvements — not operating subsidies. Thus, if the federal budget were to be divided between capital items and expense items, as has been suggested by interested parties, the LRSA Program could be justified as a capital budget item.

The LRSA Program has considerably enhanced the economic well being of enumerable communities beyond what reasonably could have been expected considering the limited amount of funds provided by the Federal government. Many of the branchlines assisted by this program, and more importantly many of the branchlines which need assistance, serve the nations economy by providing low cost transportation of agricultural and manufactured products, coal, and other industrial commodities.

The LRSA Program requires that 30% of the funding come from non-federal sources. Actually, the states, railroads, and shippers have provided many times the amount required for this match. Although non-federal funding was provided in excess of the required amount, it should be recognized that in

most instances these funds would not have been made available without the federal and state "seed funds". In some instances the state funds would not have been available without federal "seed funds".

NCSRO conducted a survey earlier this year on the current and new state funding programs for rail rehabilitation and acquisition projects in each of the states. The results of this survey are attached to this statement. It will be noted that 27 states have current or new state funded rail programs. Also it should be noted that the annual funding level for these programs is about \$158 million. This far exceeds the required 30% "match" of federal funds. Moreover, it does not consider the contributions made from other than state sources.

Contrary to statements made by Administration officials, the problems this program was designed to alleviate have not been eliminated. Rather, the problems continue and in many instances the situation has been exacerbated by the Federal government. No region in the country has been exempted from the massive abandonments of branchlines resulting from the easing of abandonment procedures permitted in federal legislation or from the large number of abandonments resulting from mergers permitted by the Federal government. Last year we conducted a survey of the states to identify their total remaining rail capital needs. The results of this survey which have not materially changed in the past 15 months, are attached to this statement. It will be noted that the remaining capital needs for rail rehabilitation and acquisition amount to over \$1.3 billion. Only Hawaii, Utah, and Wyoming indicated that they did not have needs for this program. It should be noted that the identified needs do not include funds necessary for planning purposes, grade crossing safety projects, or grade crossing surface repair projects. Also, the projects included are those eligible for funding under the LRSA Program which the state would be willing to finance with its own funds if such funds and federal "seed funds" were made available. It can be readily seen that the branchline problems have not been solved in any region of the country. Rather, in comparison with previous surveys, the needs are increasing.

The Federal government imposed the abandonment burdens upon the states. The Northeast Rail Service Act of 1981, for example, permitted massive additional abandonments of Conrail lines on an expedited basis. Consequently, Conrail abandoned over 5,000 miles of branchlines. Moreover, Conrail plans to abandon additional lines and if it is sold to another railroad, as approved by the Senate, it is anticipated that there will be further abandonment of branchlines on the merged system.

Similarly, in recent years the ICC has granted approval for the merger of a number of Class I railroads and is currently considering another major merger of two western railroads. These mergers are immediately followed by considerable branchline abandonments since rationalization of the system is one of the major justifications for such mergers.

Reportedly, more than 14,000 miles of track has been abandoned during the last four years. Moreover, it is predicted that the abandonment rate will increase in the near future. For example, the Soo Railroad has announced that it plans to shortly abandon 2,300 miles of track. Similarly, although the Illinois Central Gulf Railroad has already abandoned almost 2,000 miles of track in the last few years, it has announced that it will cut its size by half during the next decade. Also, the CSX Railroad, Norfolk Southern, and Burlington Northern have all announced major branchline abandonment plans. Clearly, the branchline problem will require additional assistance from the states, and the LRSA Program is an essential element to this assistance.

Secretary Dole said that "most of the projects to save rail lines from abandonment with the Local Rail Service Program addresses are local in nature and are appropriately the responsibility of state and local governments." This reasoning ignores the concept of interstate commerce. The courts have consistently held that rail traffic, albeit completely within a particular state, is interstate commerce. Hence it is within the jurisdiction of the ICC and not the states or communities. Thus, the local nature of the proposed

rail line abandonments has no standing. As I have stated, since the Federal government is involved in creating these problems through expedited abandonment procedures and mergers, it must accept responsibility to assist in partially alleviating the problems. That is, since it is an interstate problem it should not rely solely on an intrastate solution. The Federal government can no more defer this problem to a state solution than a state can defer it to a community solution.

There is considerable interest by the Congress, and this Subcommittee in particular, with regard to the proposed sale of Conrail. AASHTO has been active in this matter and has expressed its views directly to the Federal Railroad Administration as well as the authorizing committees. One aspect of this issue which I would like to bring to your attention at this time is the matter of the proceeds from the sale. AASHTO adopted a policy position urging Congress and the Administration to continue rail assistance programs and to join in the development of an alternative funding program for rail assistance to assure preservation of an efficient rail transportation system. In particular, AASHTO recommends that \$500 million of the proceeds from the sale of Conrail be reserved by Congress to fund a five-year national rail assistance program of \$100 million per year to meet the identified rail needs of the states. It further recommends that the remaining proceeds from the sale of Conrail be reserved by Congress to fund the additional rail-related infrastructure needs. Similarly, last month the Northeastern Association of State Highway and Transportation Officials adopted a statement of principles regarding the sale of Conrail which included in part: "The relatively small proportion of the \$7 billion investment which may be realized in any sale should be dedicated first to assuring adequate funding for state and federal programs to maintain and enhance the rail system nationally."

I recognize that neither the sale of Conrail nor the distribution of the sale proceeds is within your jurisdiction. It is being brought to your attention to indicate that efforts are being made for alternate federal funding and emphasize the necessity to continue the LRSA Program through the appropriation process until these alternate means are approved.

Two years ago Administrator Riley stated that he had set up a small "strike force" to help shippers and communities deal with the impact of light density line abandonments. The establishment of this strike force was cited as another reason why federal funding for the LRSA Program was not necessary. He stated, "When there is a major rail abandonment, we want to be able to better respond to requests from Congress, to requests from the states, and occasionally from shippers, although they usually come through the state or Congress." Last year he stated that the demand for strike force assistance had been less than anticipated and that only \$50,000 of the \$350,000 provided was expended in the effort. The expenditure represents the "partial commitment of an employee who had other related responsibilities." Initially four people were assigned to the task force.

The lack of demand for this assistance was not due to the fact that financial assistance programs were still in place, as contended by the Administrator. Rather, there was little demand because many state departments of transportation were not aware of the existence of this strike force and/or did not need the service to be provided. As recently as last month most state DOT representatives were unaware of the existence of the strike force. Also, the task force is designed to provide technical assistance based on experience in dealing with this kind of situation. Based on the success of the LRSA Program, it is questioned whether most states need this technical assistance as they have considerable experience. The Administrator cited a number of instances where the strike force was involved but in most of these instances assistance was not solicited by the states. It was apparently requested by shippers and/or communities. Obviously, the strike force cannot be considered as a substitute for funding the LRSA Program.

Failure to appropriate funds for the LRSA Program would result in the complete demise of the program in many states. There will be instances where states will not prepare the annual state rail plan which has proven to be very

useful to the railroads and shippers. In other instances the rail plan will be prepared, but it will be on an inconsistent basis as there will no longer be a requirement to follow federal guidelines. Termination of the program would destroy the uniformity and cohesiveness among the states developed over the past decade for the purpose of solving national branchline problems. The LRSA Program provides a uniform and timely planning process which is essential to states individually and collectively. Both the federal and state governments have a role in solving national branchline problems and neither can abdicate its responsibility.

Federal Safety State Participation Program

AASHTO is strongly opposed to the proposal that no funds be provided for the Railroad Safety State Participation Program for fiscal year 1987. AASHTO's policy position regarding railroad safety provides in part: "AASHTO strongly supports the financial role that the Federal government must play in order to insure a continuing Federal-State Railroad Safety Participation Program promulgated by the Rail Safety Act of 1970."

This program probably requires the smallest amount of funding of any Federal government program. It is currently operating with an appropriation of less than \$3 million a year. This amount represents 50% of the annual cost incurred by 32 states for 101 inspectors presently engaged in the program. In an era when federal programs require funding in the hundred of billions of dollars, the funding for this program pales to insignificance. Considering the possible adverse affects on safety which would result from terminating the funding for this program, and the insignificant impact the program has on the overall federal budget, it is not understandable why this program has been recommended for discontinuance.

Administrator Riley testified that less than \$100,000 per state is required to continue this program and that if the states have any sincere interest in the program they will certainly provide this small amount. A state's "sincere interest" is not necessarily in proportion to the funds involved. Mr. Chairman, I refer you to a letter dated March 12 sent to you by Thomas Drawdy, Secretary, Florida Department of Transportation, in which he points out that part of the justification by the Department to the Florida Legislature when requesting provisions to perform rail inspections was the fact that 50% of the costs involved were paid by the Federal government.

Moreover, Mr. Riley's reasoning overlooks the fact that railroad safety is the federal responsibility and not a state responsibility. The Federal government responsibility for railroad safety was clearly defined in the 1970 Act. There is no justification for shifting this responsibility to the states regardless of the amount of funding required.

The purpose of the 1970 Act was not to abrogate the federal responsibility for rail safety but rather to form a partnership with the states to assist in solving mutual safety problems. State participation in the program is encouraged by the payment of up to 50% of state program costs by the federal government. This is not a "grant-in-aid for railroad safety" as characterized by the Administration. Rather, it is a partial reimbursement for salaries and expenses incurred by states in assisting the Federal government in its rail safety responsibilities.

The FRA supplements the functions of state inspectors from participating states and conducts all of the inspections in those states not participating in the program. FRA also monitors the overall administration of the program. This partnership has provided a uniform enforcement of the federal standards among the states. Congress has continually encouraged greater state participation in the program. Among the problems encountered by the states in attempting to expand its program is the fact that the states are unable to pay inspectors salaries comparable to the federal wage scale. Therefore, if an appropriation is not provided for this program, an appropriation must be made to pay for the share presently being paid by the states as well as an amount to compensate for the wage differential for the federal inspectors replacing

the state inspectors. That is, elimination of this program will not reduce federal expenditures but rather will necessitate an increase in appropriations by more than the amount the states are presently receiving.

The success of this program is not questioned. For example, again referring to the letter from Secretary Drawdy, he states: "In 1978 when the Department was first certified by the FRA, there were 157 reportable train derailments in Florida as compared to 39 in 1985. This is an excellent indication of the effectiveness of Florida's participation in the safety program and why we believe it should be continued." The experience of other states is similar to that of Florida. In addition to reductions in derailments, as you are aware, the death and injury rate resulting from railroad accidents has decreased considerably in recent years. Although it can not be stated that this is directly attributable to this program, as pointed out by Secretary Drawdy, there is an obvious relationship.

In summary, Mr. Chairman, failure to fund this program will terminate the existing partnership between the federal and state safety inspectors, thereby reverting to the chaotic situation which existed prior to the establishment of this program in 1970. In our opinion, it is unreasonable to fail to fund this small program because it could result in adversely affecting safety and the justification for discontinuing the program does not purport to enhance safety.

State Supported Amtrak Trains

AASHTO is strongly opposed to the elimination of funding for Amtrak as proposed in the federal budget for fiscal year 1987. AASHTO is also opposed to reducing Amtrak's budget to the degree or for the specific purpose of not providing sufficient federal funding necessary for the continued operation of the state supported Amtrak trains.

The state supported Amtrak trains [the so called Section 403(b) trains] are an integral part of Amtrak's national system. Section 403(b) trains are comparable to branchlines in the freight system; they provide a feeder system for the trunk line operations. Therefore, these trains considerably enhance Amtrak's revenues derived from its basic system trains.

In addition to recommending that no federal funding be provided to Amtrak, Administrator Riley made a number of recommendations which he believed could improve Amtrak's efficiency. Among them, he suggested requiring the states to pay 100% of the short-term avoidable losses and capital costs incurred in the operation of 403(b) intercity and 403(d) commuter trains. This is contrasted with the present statutory requirement that the states pay 65% of the short-term avoidable losses and 50% of associated capital costs. Mr. Riley stated that increasing the cost to the states could save Amtrak \$18 million a year. Mr. Chairman, I believe that you can appreciate the fact that in matters such as this it is impossible to predict what actions individual states would take if Mr. Riley's suggestion was enacted. Nevertheless, it is obvious that such an action would be thoroughly disliked by the states and it is very conceivable that a number of states would discontinue supporting Amtrak trains. Mr. Claytor responded to Mr. Riley's recommendation by suggesting that the cost be increased in 5% increments until it reaches 100% commencing in two years after enactment. This gradualism approach is tantamount to brinkmanship to ascertain at what level states will find the cost for these trains intolerable and discontinue support. The law was recently changed to provide that: "Commencing in fiscal year 1986, the Corporation shall set a goal of recovering an amount sufficient that the ratio of its revenues, including contributions from States, agencies, and other persons, to cost, excluding capital costs, shall be at least 61 percent." Considering that the states already pay 65% of the cost for 403(b) trains — 4% higher than Amtrak's goal — it is not reasonable to require the states to pay a higher cost. The states believe that the costs based on the current ratio are excessive so clearly any increase would be unacceptable.

Currently, Section 403(b) trains are operating in only six states: California, Illinois, Michigan, Missouri, New York and Pennsylvania.

Recently, Section 403(b) train service was discontinued in the states of Florida, Minnesota, North Carolina and a train between Alabama, Mississippi and Louisiana. There were a number of reasons for the discontinuances but the primary reason was due to what the states believed to be the excessive costs charged by Amtrak.

The states believe that the costs are excessive because of the inclusion of depreciation and interest as items of cost. These costs are very sizeable and clearly unjustified. From inception the Federal government provided 100% of Amtrak's equipment cost. Therefore it is patently unfair to charge the states for depreciation of equipment which Amtrak purchased with federal funds. Similarly, Amtrak does not pay the Federal government interest on the amounts furnished for capital or operating needs. Simply put, since interest is not an expense for Amtrak it should not be considered a short-term avoidable cost and charged to the states. The unfairness of these charges is also substantiated by the fact that in no other instance does Amtrak consider depreciation or interest as cost factors. For example, with regard to determining the cost-revenue ratio goal of 61% to justify the continuation of operating basic system trains mentioned above, depreciation and interest costs are not considered.

As in the case of other rail programs, the elimination of federal support for Amtrak has been proposed for a number of years. The matter has been considered in depth by this Subcommittee and thoroughly debated in both Houses a number of times. Therefore, I do not believe it is necessary to reiterate all the reasons why federal funding should continue. Justification for continued federal funding has been clearly established and endorsed by several Congresses. In addition, the recently enacted Consolidated Omnibus Budget Reconciliation Act of 1986, in addition to indicating Congressional desire for continued federal funding for Amtrak, includes a number of revenue enhancements which when implemented should considerably reduce the amount of necessary federal funding.

Railroad Rehabilitation and Improvement Financial Assistance

The Railroad Revitalization and Regulatory Reform Act of 1976 provides for rehabilitation and improvement financing for railroads through the purchase of redeemable preference shares of the applicant railroad by the Federal government (Section 505) and guaranteed loans for principal and interest for obligations of railroads (Section 511). A total of \$1.4 billion has been authorized for the Redeemable Preference Share Program and \$1 billion has been authorized for the Loan Guarantee Program.

The Redeemable Preference Share Program has been used primarily for rehabilitation projects designed to eliminate deferred maintenance on high density mainlines. The Loan Guarantee Program has been used to support critical freight car and locomotive rehabilitation programs, track upgrading projects, and the funding of labor protection payments to former employees of the Milwaukee Railroad.

The programs have been very successful as evidenced by the many worthwhile projects undertaken. FRA reports that the program made a major contribution in relieving problems requiring immediate redress. It also reported that the programs have helped minimize the adverse impact of deferred maintenance on the national rail system by stemming the deterioration of high density mainlines and by providing for rehabilitation of needed equipment which the recipient carriers would not otherwise have been in a position to undertake.

As previously mentioned, recent mergers between several major Class I railroads has resulted in major rationalizations. This has in turn spurred forming a number of short line and regional railroads. The formation of these railroads and the continuation of service on similar existing railroads is essential to the national commerce. In many instances, however, viability is dependent on assistance such as provided by these programs.

In summary, the success of the programs in the past has been amply demonstrated and the need to continue the programs is more than adequately supported.

Again, Mr. Chairman, I appreciate the opportunity to express our views on these matters. I would be pleased to attempt to respond to any questions you may have.

RAILWAY PROGRESS INSTITUTE

STATEMENT OF P. OWEN WILLAMAN, PRESIDENT, NEW YORK AIR BRAKE
AND GROUP EXECUTIVE OF GENERAL SIGNAL CORP., REPRESENTING THE RAILWAY PROGRESS INSTITUTE

Senator ANDREWS. Our next witness will be Owen Willaman, of the Railway Progress Institute.

Mr. Willaman, good to have you here.

Mr. WILLAMAN. Good morning, Mr. Chairman, and thank you for the opportunity to testify before your committee this morning.

I represent Railway Progress Institute's Committee and Passenger Transportation, which is comprised of more than 50 companies who provide products and services for passenger rail systems.

Mr. Chairman, we agree with Congress that a balanced, modern, and efficient transportation system is necessary for a modern society. The administration's proposed cuts in the UMTA and Amtrak budgets run dramatically counter to this.

We can endorse the administration's objectives by reducing dependence upon the national Government. Federal dollars should be hard-won. However, their approach is a reversal of Congress' commitment to a balanced system.

I offer for the record our complete policy statement and, Mr. Chairman, at this time I am going to apply for membership in your 5-minute drill and depart from the prepared text to summarize its thrust on three principal issues of vital concern to our industry.

The first, \$606 million for the support of Amtrak, is the irreducible minimum for fiscal year 1987, and we urge Congress for this core level of support. We believe that Amtrak has earned this consideration. And we believe the American people deserve a balanced, modern transportation system.

And Amtrak has achieved—and if this is not so, is fast approaching—world-class status. The zero support concept proposed by the administration would lead to scrapping of \$3.2 billion of modern locomotives in rolling stock as well as shops. It would lead to a Federal liability of several billion dollars additional for labor protection payments. And it would lead to the immediate unemployment of 23,000 people. The zero level of support is a budget buster, not a budget balancer.

The second thrust is a funding level for UMTA at least equivalent to fiscal year 1986. The research and development programs administered by UMTA are particularly important to keep technology current. Section 3(a)(1)(c) provides moneys for new technology demonstrations. My company, New York Air Brake, was able to successfully compete with Conore, a German firm, for a sizable buy of air compressor units, which with the help of this program, placed demonstration units and revenue service on several transit properties. And the results were a favorable level of performance and an award.

The third thrust is Buy America. I have always been a free trader in concept. Well, let us take a look at what is going on here. The French,

the Germans, the Italians, the Japanese, Canada, and Great Britain, all develop sophisticated mass transit systems with government support for use in their respective countries. They all use their own specialty products, such as brakes, traction equipment, et cetera. A built-in market for their domestic specialty suppliers is a given. These systems are then taken to world markets and guess what? The United States of America is by far the largest of the world markets. Without Buy America provisions, the tradition of the U.S. railway suppliers would be dead in the water.

Why? Transit America is the single manufacturer of rolling stock resident in the United States, and to the best of my knowledge, they have not received an order for new cars in nearly 3 years. New York City alone will take delivery of 1,200 to 1,400 new subway cars during the 1984-87 timeframe. These cars are often foreign car builders. And without Buy America, U.S. specialty products would not be allowed to compete. Items such as traction motors, wheels, axles, bearings, and brakes would come from Japan, Canada, or France.

During the past 5 years, 3,158 mass transit cars had been ordered in North America, all but 251 destined for the United States. And of these, 83 percent are from foreign builders: nearly half from Canada, a quarter from Japan, and a quarter from Germany, France, and Italy. You can be sure that without Buy America, the specialties as well as the car body structure would have been built with foreign labor and material.

Mr. Chairman, free trade in the mass transit market is an ideological myth. I thank you for your attention. I will be glad to respond to questions.

Senator ANDREWS. Thank you very much, Mr. Willaman. I am sorry that we do not have time for questions. I would have liked to have gotten a couple in to make the record more complete.

[The statement follows:]

STATEMENT OF P. OWEN WILLAMAN

SUMMARYPOLICY STATEMENT of the COMMITTEE ON PASSENGER TRANSPORTATION,
RAILWAY PROGRESS INSTITUTE

The Federal Government must maintain a core level of support for urban transit and intercity passenger rail service. It cannot abandon the commitment of Congress and prior Administrations to a national transportation system which recognizes the importance and interrelationship of all modes. The Administration's proposed Fiscal Year 1987 budget, like its predecessor, signals the demise of this long-standing Federal commitment. Alternative funding methodologies -- from privatization to loan guarantees to safe harbor leasing -- are worthwhile, but they do not replace an irreducible Federal responsibility that must be met if we are to avoid fatal damage to our nation's urban transit systems and our intercity passenger rail service.

Urban Mass Transportation Administration

1. The level of funding provided in Fiscal Year 1986 for operating and capital grants, research and development grants, and support for introduction of new technology is at the irreducible level. It must be maintained in Fiscal Year 1987.
2. Funding directed by the Congress should not be withheld or its obligation delayed. Doing so jeopardizes the operating systems and their suppliers.
3. Proceeds of the one-cent-per-gallon fuel user fee created for mass transit in 1982 must continue to be reserved for that purpose alone and must be disbursed at a level equal to revenues.
4. The Investment Tax Credit and Accelerated Depreciation provisions in the current Tax Code must be retained. This will encourage UMTA's privatization initiative.

Amtrak

1. The Federal subsidy at its present level is irreducible under present circumstances.
2. Congress should permit Amtrak to expand its ability to raise funds from private sources, and authority for Amtrak to issue tax-exempt bonds.

Buy America

Present "Buy America" provisions must be continued and the regulations enforced. Unilaterally opening the United States market to companies operating from protected economies as proposed by the Administration will only kill the remaining American companies in this field. This will abolish the jobs of some 125,000 taxpayers working for more than 500 companies.

Meeting the Federal Commitment

Pressures on the general fund make it difficult, if not impossible, to meet the irreducible Federal commitment to urban transit and intercity passenger rail service. Among the additional sources that Congress could provide is an increase in the fuel user charge.

Good morning, Mr. Chairman and members of the Subcommittee.

I am P. Owen Willaman, President of New York Air Brake Company and Group Executive of General Signal Corporation.

I represent the Railway Progress Institute's Committee on Passenger Transportation, which is comprised of more than fifty companies who provide products and services to passenger rail systems.

I offer for the record our complete policy statement.

Mr. Chairman, we agree with Congress that a balanced, modern and efficient transportation system is necessary for a modern society. The Administration's proposed cuts in the UMTA and Amtrak budgets run dramatically counter to this.

We can endorse the Administration's objective of reducing dependence upon the national government. Federal dollars should be hard-won. However, their approach is a reversal of Congress' commitment to a balanced system.

We urge Congress to maintain a core level of support. Accordingly, we regard the Fiscal Year 1986 funding level for UMTA and the \$606-million Amtrak appropriation as the irreducible minimum for FY 1987.

Amtrak is a world-class system. It has made dramatic progress in reducing its need for federal support by raising operating income, using capital resources to generate additional revenue, reducing labor costs, and improving productivity.

Congress is helping Amtrak in this effort, and we urge you to continue this commitment by appropriating \$606 million.

Otherwise, we foresee the termination of intercity service and loss of this transportation capability for national defense. We foresee scrapping \$3.2 billion in modern locomotives, equipment and shops; deterioration of the Northeast Corridor; a federal liability of several billion dollars in labor protection payments; immediate unemployment of 23,000 taxpayers; a dramatic impact upon airways and highways; loss of any form of public travel for 28 communities; and reduced transportation options for more than 500 communities.

Amtrak is vital to a number of railway suppliers employing taxpaying workers and buying supplies from still other compan-

ies. It is part of the nation's business and social fabric. We urge you to give it the funds it must have to continue.

The federal investment in mass transit over the past 20 years is \$25 to \$35 billion. Should Congress reduce the funding lower than the 1986 level, 20 percent of our transit systems are likely to shut down. Maintenance would be deferred or eliminated, resulting in an accelerating deterioration of service. Plans for new systems would be abandoned; expansions would be eliminated; and mobility would be severely reduced.

We urge you not to let this happen.

We endorse initiatives to create substitutes for federal support. Privatization, loan guarantees, and safe harbor leasing are worthy of study and pursuit. However, they cannot replace federal responsibility.

Transit systems are inextricably linked to the economy, and federal dollars invested are economic generators. Urban transit plays a vital role in the life of our urban centers. The \$25- to \$30-billion federal investment in transit should not be dissipated in an ill-considered attempt to meet the budget crisis.

I should like to call to your attention two specific matters. First, the need to maintain UMTA's research and technology programs. They can reduce capital costs, and improve reliability, safety, and productivity. But, the Administration has not used the tools given it by Congress, such as the Technology Introduction Program. Congress funded this program in Fiscal Years 1985 and 1986. UMTA set a December 17, 1984, deadline for applications for funds. Yet, of the approximately 20 submitted, only three FY 1985 grants have been approved; and those only recently; the others remain "under review." Further, UMTA has not even requested FY 1986 grants.

Mr. Chairman, this looks like impoundment by procrastination. This is an affront to Congress and the American people; and we urge you to put a stop to it.

The second matter of concern is "Buy America," which the Administration proposes to eliminate. This provision's requirement for 51 percent domestic content and final assembly in this country gives the American industry a fair opportunity to compete against foreign suppliers in our own market. It should be continued and strengthened by requiring pre-award and post-delivery compliance audits. The Administration recently testified before the House Appropriations Transportation Subcommittee that no effort was made to determine the potential impact upon our industry before it sent to Congress its recommendation for repeal. We believe the impact must be thoroughly studied.

In conclusion, we urge Congress to appropriate, at a minimum, UMTA support at the FY 1986 level for the next fiscal year and \$606 million for Amtrak. If additional sources of revenue are needed in the current budget situation, Congress could provide an increase in the fuel user charge.

I thank you for your attention. I will be glad to respond to questions.

POLICY STATEMENT of the COMMITTEE ON PASSENGER TRANSPORTATION,
RAILWAY PROGRESS INSTITUTE

Background

The Railway Progress Institute (RPI) is the trade association of suppliers of equipment and services to the nation's freight railroads and rail passenger transportation systems. The RPI Committee on Passenger Transportation is comprised of more than 50 major companies whose products and services are provided to rail rapid transit systems, commuter rail systems, and Amtrak.

Summary of Policy

The Federal Government must maintain a core level of support for urban transit and intercity passenger rail service. It cannot abandon the commitment of Congress and prior Administrations to a national transportation system which recognizes the importance and interrelationship of all modes. The Administration's proposed Fiscal Year 1987 budget, like its predecessor, signals the demise of this long-standing Federal commitment. Alternative funding methodologies -- from privatization to loan guarantees to safe harbor leasing -- are worthwhile but they do not replace an irreducible Federal responsibility that must be met if we are to avoid fatal damage to our nation's urban transit systems and our intercity passenger rail service.

Urban Mass Transportation Administration

Under the aegis of this Federal agency, and as provided by the Congress, the United States has invested some \$25- to \$30-billion dollars over the past 20 years in urban mass transit.

There are 22 metropolitan areas with rail rapid transit or light rail systems. Another six metropolitan areas are in varying stages of planning or seeking such rail systems.

By removing vehicles from congested streets and highways, by generating billions of dollars worth of new, high-density development in cities we expected to die just one generation ago, and by providing affordable transportation to those citizens who cannot afford any other mode, these rail systems are powerful economic generators, just as Congress envisioned.

Providing equipment and supplies to these rail transportation systems are more than 500 major companies whose employees, managers, and stockholders depend upon them for employment and return on investment.

FY 1986 Funding Is the Irreducible Minimum

Fiscal Year 1986's funds are barely sufficient to meet the Federal obligation to mass transit systems. If funded below current levels, 20 percent of the systems would be forced to consider shutting down, required maintenance would be deferred or eliminated and service would deteriorate, and plans for new systems and required expansions of existing systems would be eliminated, reducing the mobility of many of our citizens.

Properly planned and executed transit systems are an investment in a community's future; research and the introduction of new technology are essential to operating and maintaining such systems.

The Administration's Fiscal Year 1987 transportation budget proposes to cut transit programs by at least \$2.1-billion -- a .68 percent reduction below Fiscal 1986's level. We are unalterably opposed to this de facto termination of Federal transit support.

Recissions or de facto Impoundments

We oppose the Administration's proposed \$521-million recission. This would eliminate all discretionary funding for new systems and all extensions of existing systems except for three contracts providing for full Federal funding.

Further, the Administration's de facto impoundment -- or postponement through perpetual review -- of authorized and appropriated funds in the face of explicit Congressional direction to the contrary is a disgrace. It must stop!

In September of 1984, UMTA published its solicitation for applications for grants under the 3 (a) (1) (c) Technology Introduction Program. This program has as its objective the reduction of capital and maintenance costs for the systems and the improvement of their reliability and safety. Significant successes have been achieved under this program, and previous years' records of our statements to Congress will yield ample documentation for that assertion.

One recent outstanding success for domestic industry under this program is the New York Air Brake Company's RSU rotary screw air compressor. Under this program, New York Air Brake was able to service test this new compressor under rigorous every-day

service on three railroad systems. It performed so well that it has been approved for a number of new projects, and now the company is delivering \$500,000 worth of them per month.

The applications solicited in September of 1984 were for some \$5-million available in this current year. Applications were due on Dec. 17, 1984. RPI member companies' reports show that a number of applications -- around 20 -- were submitted. So far as we have been able to determine, only two of those applications have been processed.

Thus "review" has become torpidity verging on total inactivity.

Integrity of the Dedicated 1-Cent-per-Gallon Fuel Tax

In 1982, the Congress adopted a fuel tax increase and dedicated one cent per gallon of the proceeds to mass transit. The integrity of this fund must be preserved.

We oppose the Administration's expressed intention of commingling these dedicated funds with \$2.2-billion in highway trust funds to create an "Urban Mobility Block Grant Fund" to be distributed to states and local agencies on the basis of legislative formulas.

This concept reduces Federal highway funding by \$1.9-billion, reduces transit funding by \$2.1-billion below Fiscal Year 1986 provisions, allocates dedicated transit funds to states with few transit systems and, in other states, forces transit and highway entities to compete for scarcer resources.

Privatization

We endorse UMTA's efforts to create opportunities for private enterprise. We stand ready to assist the transit operators in meeting their needs. However, privatization cannot be used as an excuse to cut Federal support. Privatization should supplement, not replace, the UMTA program.

If privatization is to be truly successful, existing incentives such as the Investment Tax Credit and accelerated depreciation must be continued.

Amtrak

Under the direction of Congress, some \$10-billion has been invested in this corporation and with splendid results. Today Amtrak is a world-class rail passenger system, one that any other industrialized nation would hold up as a triumph of its own industries' capabilities. The Northeast Corridor is one of the most sophisticated and complex rail systems in the world. Amtrak's superliners and metroliners are as modern as any. Amtrak has become everything Congress hoped it would.

Beyond that, Amtrak has made dramatic progress in reducing its need for Federal support. It has raised operating income. It is using its capital resources to generate additional revenue, including leasing its right-of-way for fiber optic communications and for real estate developments in such major metropolitan areas as Chicago and Philadelphia. It has reduced labor costs and improved productivity. It reached agreement with its unions to provide its own engine and train crews throughout its entire system, which will enable it to avoid cost penalties of operating outside the Northeast Corridor under freight railroad labor rules.

The Administration's recommendation would obliterate Amtrak, with the following consequences:

Permanent and irrevocable termination of intercity rail passenger service and loss of this all-weather transportation capability for national defense.

Waste on a staggering scale -- Scrapping of \$3.2-billion in modern locomotives, equipment, and shops, deterioration of the Northeast Corridor, and Federal liability for \$2.1-billion in labor protection payments.

Immediate unemployment of 23,000 taxpaying employees.

Increase of \$167-million annually for other users of the Northeast Corridor and commuters using Washington Terminal.

Dramatic impact upon already saturated airways and highways.

Loss of any form of public travel for 28 communities and reduced transportation options for more than 500 communities.

Therefore, we support an appropriation of \$606-million for Amtrak in Fiscal Year 1987.

We also support the proposal that Amtrak be authorized to issue tax-exempt bonds for capital acquisitions and improvements.

Buy America

The rail and transit sectors of the economies of the free world are effectively closed to American suppliers. The protected nature of these markets, which is authorized by the GATT agreement, forces American suppliers to look only to the Third World and the U.S. to sell their equipment. In the marketplaces of the Third World, where our industry can play on a level field, they have proven themselves able to compete successfully in terms of delivery and price, with financing provided by the Export-Import Bank.

In the United States, however, foreign suppliers are able to sell from protected, exclusionary markets; they utilize government-subsidized financing and other export aids, and they often sell at less than cost (selective dumping), thereby maintaining their own employment. They carry home United States citizens' tax dollars.

It is "Buy America," with its requirement for 51 percent domestic content and final assembly of transit vehicles in this country, that has enabled domestic companies to remain in their own home market and hold down this "exporting of dollars and jobs."

Multipliers derived from input-output studies of the U.S. Department of Commerce show how serious is the "exporting" of U.S. citizens' tax dollars. These multipliers show that one dollar spent for subway construction generates an additional \$1.36 from the private sector through secondary and tertiary effects; a dollar spent for railcar manufacturing, an additional \$1.60, and a dollar for bus manufacturing, \$1.61.

Put another way, every \$1-million of total production of railcars generates an estimated 44.2 man-years of work; for rapid transit construction, 42.4 man-years of work.

Thus, every U.S. dollar spent abroad exacerbates the balance of trade deficit, costs the United States economy the multiplier

effect, and dilutes the need for employment of taxpaying workers. Far from constituting "open trade," this is actually exporting American jobs and tax dollars.

Now we find the Administration asking Congress to eliminate "Buy America," which provides a "level competitive playing field" here at home. The UMTA Administrator has told Congress that this recommendation was made even though no study of its impact upon domestic industry has been made. We urge Congress to be certain that a comprehensive, thorough analysis is made. Without prejudging results of that study, we believe it will be found that repeal of "Buy America" would have a major harmful, if not fatal, impact on this segment of American industry.

Furthermore, termination of the capital creation tools of Investment Tax Credit and accelerated depreciation from the Tax Code has also been proposed.

Therefore, we support continuation of the "Buy America" provision and we advocate its strengthening by Congress's requiring both a pre-award and a post-delivery audit of purchases of transit vehicles using Federal grant money.

Further, as noted under The Privatization Effort, we support continuing the Investment Tax Credit and accelerated depreciation provisions in the Tax Code.

Meeting the Federal Commitment

Pressures on the general fund make it difficult if not impossible to meet the irreducible Federal commitment to urban transit and intercity passenger rail service. Among the additional sources that Congress could provide is an increase in the fuel user charge.

AMERICAN PUBLIC TRANSIT ASSOCIATION

STATEMENT OF DANIEL T. SCANNELL, SECRETARY-TREASURER,
AMERICAN PUBLIC TRANSIT ASSOCIATION, FIRST VICE CHAIRMAN,
METROPOLITAN TRANSPORTATION AUTHORITY, NEW YORK, NY

Senator ANDREWS. Our next witness is Mr. Daniel T. Scannell, secretary-treasurer of the American Public Transit Association.

Mr. Scannell, good to have you here.

Mr. SCANNELL. Good morning, Mr. Chairman.

The full statement of the American Public Transit Association is available for the record.

Senator ANDREWS. It will be printed in the record as though you had given every word of it, Mr. Scannell.

Mr. SCANNELL. We do appreciate this opportunity to summarize our recommendations on mass transit funding levels and related issues for fiscal year 1987.

First, I must acknowledge a debt of gratitude that we owe you, Senator, for your leadership on mass transit issues. Without your commitment to transit and your skill in committee and on the Senate floor, the foes of Federal transit programs might have claimed victory this year.

The winners, instead, are those Americans in all 50 States who took 8 billion mass transit trips last trip. As you know, mass transit took its

share of reductions in the 1986 budget and under Gramm-Rudman-Hollings. The point is, it was a share, not the crippling.

The administration seeks a disproportionate cut. Our message today is as it was a year ago, a plea for fairness and equity. Because Federal transit funding has fallen some 24 percent since 1981, we believe the Federal commitment must be underwritten this year at not less than current funding levels.

We have urged the Senate Banking Committee to assist you by authorizing the Federal program in the current form. Because the program structure has worked well, it should not be altered and weakened, as the administration has proposed.

I want to emphasize the importance of the formula program—the bread and butter funding for all urban and rural areas of the Nation. Section 9 is the essence of an intergovernmental partnership that has, for more than a generation, helped to meet transit's fundamental operating and capital costs. We believe the most significant challenge facing this subcommittee is to establish the level of investment needed to make the current basic services and to respond to the needs of the expanded service where they occur.

The backlog of transit capital needs has grown significantly in recent years. Urgently needed repair, rehabilitation, and replacement are not being accomplished at acceptable rates. The new system and services to meet demand in high growth areas are not being advanced in a timely fashion. An update of our recent survey shows that annual transit capital needs may be as high as \$8 billion in 1986 dollars.

With respect to Federal operating assistance, we urge you to maintain, at a minimum, the freeze for which you fought so skillfully last year. We also ask that you assure equal treatment for nearly 100 small cities, which have had their operating funds cut because of the disparity in the law.

We are aware that the Senate's budget resolution assumes a 20-percent reduction in operating assistance next year. Such a deep reduction disproportionate among transportation programs would cause some transit systems, especially those that are small and more dependent on Federal assistance, to cut significant service or raise fares. The losers could be those riders in the nonmetropolitan area of our Nation who can least afford to pay more for less service.

Further, we urge the subcommittee to fully fund existing research and demonstration programs which afford opportunities for new industry, technology, and innovative and approved products. As transit professionals, we are proud of the substantial strides which have been made in cost containment.

We had been good stewards of public funds. For example, our productivity and performance measures are up substantially and our labor costs now compare favorably with other industries. We are measured by a new trend of price index developed by APTA. Transit major costs have risen at less than the rate of inflation.

Two concluding thoughts: UMTA Privatization Program and the program administration. There is much that can and should be done to further speed the flow of grant funds, and we have joined with UMTA to analyze the initial results of Administrator Stanley's 90-day grant proposal process. There are hopeful signs that UMTA may be able to relieve the frustration that many of our members feel because of the road blocks and hurdles that have stood between them and their grants.

Our written testimony makes a number of recommendations for further improvement with regard to privatization. We are against forced quotas and the conditioning of grant approval on privatization performance. We are for greater integration of public and private transit when it is a result of good business judgment at the local level. We are proud of our record to date in promoting cost-effective, competitive service.

Thank you and if you have any questions, I would be happy to answer.

Senator ANDREWS. Thank you very much. We would have had some questions and given your expertise, it would have been helpful to the record. But unfortunately we do not have any time left. So we appreciate your coming.

[The statement follows:]

STATEMENT OF DANIEL T. SCANNELL

Good morning Mr. Chairman and members of the Subcommittee. As a representative of the American Public Transit Association, I am pleased to have the opportunity to appear before you today.

I am appearing today to present for the Subcommittee's consideration our views on funding levels for the Fiscal Year 1987 federal transit program. As in past years, members of this Subcommittee and the transit industry are facing renewed pressure from an Administration desiring to drastically reduce if not eliminate federal funding for public transit. We adamantly disagree with the Administration's position and seek the Subcommittee's continued support in maintaining a strong well-balanced federal commitment to public transportation.

APTA, along with a host of other organizations which represent or directly serve the American public, strongly object to proposals which attempt to reduce the deficit and simultaneously restructure federal, state and local relationships by concentrating budget cuts in the already drastically reduced domestic spending area.

Equity and Fairness

Deficit reduction does deserve serious attention, but the two most basic principles that should guide the deficit reduction effort are fairness and equity. Fairness means that those who have borne the burden of previous cuts should not be asked to bear even a greater burden again. Transit, for example, has already made a substantial contribution through prior cuts - more than \$1 billion directly and \$2 billion indirectly since 1981. Further massive reductions are grossly unfair to communities and riders who depend daily on basic public transit services.

Equity is equally important, meaning that every element, component and program in the budget should be treated equally or asked to share in the deficit reduction burden. Past spending cuts and current budget proposals continue to be targeted on a very few programs, including transit, and the impacts fall largely on those least able to afford them. The burden of deficit reduction must be shared more widely.

For these reasons, it is our recommendation that transit assistance be at not less than current levels for 1987. With respect to the Mass Transit Account of the Highway Trust Fund, a recent Congressional Budget Office report estimates that the account can support expenditures well in excess of the current authorization. We support authorizations and expenditures for the Section 3 discretionary capital program at levels fully consistent with income and other resources of the account. However, any Section 3 increase must not be a substitute nor a replacement for maximum possible funding of the Section 9 formula program. The combined funding of the two programs falls far short of meeting the capital and operating needs detailed later.

Balance Within the UMTA Programs

Just as importantly, balance and equity must be maintained within and among various elements of the UMTA program as well as between overall transit funding and other federal programs.

The mix of formula and discretionary transit assistance for capital and operations was painstakingly worked out in the Surface Transportation Assistance Act of 1982. Both the Section

9 formula program and the Section 3 discretionary program serve important, legitimate, distinct needs. These two programs, in combination, are necessary to meet America's transit and mobility needs.

Section 9 supports critical operating and maintenance functions as well as routine capital improvements for virtually every urbanized area in the country, as well as over 900 rural systems. The Section 9 program is particularly important to the medium and small bus systems around the country. Further reductions in Section 9 funding would have devastating consequences in these areas, and would greatly restrict the ability of transit systems of all sizes to operate and routinely upgrade equipment and services.

The Section 3 program, in contrast, supports equally critical major capital investments that cannot be adequately addressed through formula distribution of funds. New system development, modernization of existing rail systems and extraordinary bus-related needs can only be handled through a discretionary resource. Consequently, it is our recommendation that the principles of fairness and equity be applied within the UMTA program as well as across the entire budget.

A number of factors bring us to a crossroads today. Not least among them are the budget and deficit pressures that threaten our ability invest adequately in programs, facilities and services that are so vital to our nation's future.

A second factor that brings us to a crossroads is our continuing infrastructure crisis. While deficits have grown out of control, we as a nation have actually reduced our investment in essential public services and facilities - our nation's infrastructure. Since 1975, inflation-adjusted investment in essential public facilities and services has declined 30 percent. This chronic under-investment means we have been continually mining and depleting past public investments that have traditionally provided the base for economic growth and expansion. Even in view of our deficit problem, it is vitally important that this past pattern of infrastructure disinvestment be reversed.

A third factor which brings us to the crossroads is the introduction of new intergovernmental philosophies, some of which directly call for the wholesale abandonment of the federal role in a host of domestic programs.

The final and most significant factor is that the federal highway and transit programs are due to expire on October 1, confronting us with the immediate question of how to maintain and extend the long-standing federal commitment to balanced and effective transportation for America.

It is our firm belief that the federal commitment to public transportation must be extended and must be supported at certainly no less than current funding levels for the immediate future.

STEWARDSHIP OF FEDERAL RESOURCES

In their joint efforts to effectively and efficiently meet the mobility requirements and the related goals of their respective communities, transit policy makers, managers and employees have been extremely good stewards of public funds. This is best shown by contrasting performance and productivity trends in transit before and after 1975, the year in which the

federal transit program matured into a broad-based source of support, providing assistance for both capital investment and transit operations.(1)

Productivity. In public transit, productivity typically is expressed in terms of labor productivity, or the amount of output per employee. Among the measures of transit productivity, the two most common are passengers per employee and vehicle-miles per employee.

Between 1970 and 1975, before the enactment of federal operating assistance, and as the difficult transition from private service to public service was winding down, productivity trends were negative, as might be expected during the restructuring of any industry. However, from 1975 to 1980, as the federal transit program grew and matured along with the public systems, productivity trends changed dramatically. The rate of decline in vehicle-miles per employee from 1970 to 1975 was cut nearly in half during the following five year period, 1975-1980.

More importantly, the declining trend in passengers per employee during the earlier period was totally reversed. The 7.6% decline from 1970 to 1975 was turned into a 14.4% increase in passengers per employee between 1975 and 1980. Since the object of any transportation system is the movement of people, the most appropriate and significant measures of productivity are those tied to the number of passengers carried. Measured in these terms, the productivity trend in public transit has been decidedly positive in recent years.

Efficiency. Efficiency is most often defined as the ratio of costs or expenses to the amount of service produced. The two principle measures of economic efficiency in public transit are cost per passenger and cost per vehicle-mile, both adjusted to account for inflation. In both cases the experience after 1975, which coincides with the greatest growth and expansion of the federal transit program, has been decidedly positive.

Before 1975, the real costs per vehicle-mile rose 33% in the five-year period. In the five-year period after 1975, real costs per vehicle mile registered no increase.

More importantly, the trend in real costs per passenger turned totally around. In the five-years before 1975, real cost per passenger had increased 36%; in the five years following 1975, real cost per passenger had decreased nearly 15%.

Effectiveness. Effectiveness reflects the degree of success in attracting passengers to use the service that is provided, and is expressed as passengers per vehicle-mile. Only through careful responsive marketing, route planning and scheduling can transit effectiveness be increased.

As the industry went through the final phases of restructuring, effectiveness measured in terms of passengers per vehicle-mile declined approximately 2% from 1970 to 1975. From 1975 to 1980, however, as services began to mature and new management, planning and marketing skills were brought to bear along with increased governmental support at all levels, passengers per vehicle-mile rose substantially, by over 18%.

(1) The material presented in the following discussion is excerpted from "Transit Performance and Productivity 1975-1980: Improvements Through the Intergovernmental Partnership," American Public Transit Association, May, 1985.

The evidence is clear - dramatic improvements in transit productivity and performance, measured in terms most meaningful to transit's basic mission, i.e. carrying people, began to occur coincidentally with the provision of the broad-based program of federal transit assistance that is now set to expire on September 30, this year.

Effects of Inflation on Transit. Too frequently, critics of public transit have analyzed transit performance by comparing cost trends in the industry to changes in the Consumer Price Index (CPI) or other measures of general inflation such as the GNP deflator. This issue was raised by UMTA, in its review of APTA's productivity report. Closer consideration, however, indicates that neither the CPI nor the GNP deflator provide an appropriate basis for comparison, since the components that make up these indices do not reflect the goods required to produce transit services. The CPI, for example, is made up of those goods and services typically utilized by the average household. Housing costs, for instance, make up nearly 44% of the index; food and beverages 19% and so on. The mix of goods and services used in providing transit services is substantially different.

To more accurately measure the relationship of inflation to the cost of providing transit services, APTA has developed a Transit Price Index (TPI), similar to specialized indices already developed for other industries. The TPI measures price changes in the mix of goods and services specifically used by transit systems. When the TPI is compared with either the CPI or GNP deflator, it is clear why transit costs have risen faster than these indices. Very simply, the costs of inputs needed to provide public transportation have historically risen 10% faster than the general rate of inflation, as measured by the CPI, and by an even a larger amount compared to the broader GNP deflator. More to the point, trends in transit cost-related ratios which appear to be negative when calculated and adjusted using the CPI or the GNP deflator, in fact, show favorable trends when the more accurate and appropriate TPI is used in the analysis.

For instance, real cost per vehicle-mile between 1975 and 1984 increased 4.3% and 13.4% when adjusted for inflation using the CPI and the GNP deflator, respectively. By comparison, cost per vehicle-mile over the same period actually decreased 1.4% when adjusted for inflation using the TPI.

Development of the TPI will be reported more fully in an upcoming APTA report. It will allow both more accurate interpretation of trends in transit service delivery as well as provide an important budget planning tool for transit managers.

Transit Managers as Effective Purchasers in the Market. In conjunction with development of the TPI, a separate analysis was under taken to determine whether transit managers are competing effectively in the market place for the goods and services they purchase. To make this assessment, a separate Market Efficiency Index was developed, (MEI). The MEI measures the general cost trends of various goods and services needed to provide public transit as they have prevailed in the free market. Growth in the TPI - the amount transit managers have actually paid - compared with growth in the MEI - the open-market price - indicates the extent to which transit managers have been prudent buyers in the market place.

The results are quite revealing. From 1980 to 1984, the TPI, or the change in the price actually paid for all items rose only 31.7% while the MEI, or the change in the open market price rose 35.1%. With respect to labor, the TPI rose only 29.7%

while the MEI rose 35.2%. These findings, also to be presented and described in detail in an upcoming report, indicate that transit managers have been extremely successful in restraining the growth of both unit labor costs and the unit costs of other inputs at levels below the prevailing market rates.

For instance, annual average wage increases in the twenty-five largest transit systems compare very favorably with wage settlements in the private sector. In looking at average hourly earnings in other heavily unionized industries, the positive pattern in the transit industry is also evident.

In addition to responsible management of wages, transit managers and employees have made other highly significant strides, including increases in the use of part-time labor, increased contracting with the private sector for a range of services and functions and the elimination of automatic cost-of-living adjustments (COLA's). In fact, the percent of workers now covered by COLA's in the largest bargaining units throughout the transit industry has declined to one-third, a level lower than found in similar large bargaining units in private industry.

TRANSIT INVESTMENT NEEDS.

Although a review of past efforts and trends is an important step in determining the future course of the federal transit program, the most significant issue is establishing the level of investment needed to maintain current, basic levels of service and respond to needs for expanded service where they occur.

Transit Capital Investment Needs. In 1983 and 1984, APTA undertook an exhaustive capital needs survey to identify the levels of capital investment needed in each of the succeeding five years to maintain current services and to provide for expanded services where expansion was considered necessary.

The results of the survey indicated that \$36.4 billion in capital investment was required over the five-year period. By mode and type of project, the needs were broken down as indicated in Table 1.

Project Type	Capital Needs (1984 Dollars)
Bus	\$7,725
Facilities	3,929
Vehicles	3,796
Rail	\$28,730
Modernization	15,088
Extensions	3,783
New Systems	9,859
Total	\$36,455

The survey results, now two years old, continue to provide the best (and only) comprehensive assessment of transit capital investment needs available.(2) Overall, the annual capital

(2) UMTA has completed considerable work on a study estimating national rail modernization needs originally requested by Congress in 1979. As yet no results of this effort have been released. Indications are, however, that they do not vary markedly with estimates obtained in the APTA survey.

investment requirement averages \$7.3 billion per year, 1984-1988. In understanding the implications of these estimates for future years, it is important to note that actual appropriated federal funding for 1984, 1985 and 1986 represents less than 40% of the funds required to meet projected needs. Even assuming that federal assistance were to provide for 70% of needed capital investment (a level consistent with recent experience in the UMTA capital programs), appropriated federal funding would support only slightly more than half (56%) of the capital investment that was needed over the last three years.

It should be clear that the backlog of transit capital needs has continued to grow significantly in recent years. Urgently needed repair, rehabilitation and replacement are not being accomplished at acceptable rates and new systems and services needed to meet growing demands in certain areas are not being advanced in a timely way. This leaves a growing backlog with added costs for future years, in addition to the routine cycle of annual capital investments that must and should be made.

Capital Needs: 1987-1991. In looking ahead to the implications of these estimates for the future, it is possible to establish a range of capital needs based on varying assumptions. For instance, if the level of annual capital investment through 1991 is assumed to be roughly equivalent to that estimated in the prior survey, i.e. \$7.3 billion per year, updated annual needs would total nearly \$7.9 billion in 1986 dollars.

More conservative assumptions can be applied, i.e. greater reliance on rehabilitation rather than new equipment purchases, attention only to investments needed to maintain current services and meet existing demands, etc. In no case, however, do these and other similar conservative assumptions result in capital investment needs of less than \$6 billion per year.

Operating Requirements. Over \$10 billion is spent annually throughout the country to support public transportation service and operations. The provision of public transportation services remains highly labor-intensive with labor representing nearly 3/4 of total operating costs.

Despite the substantial strides in cost-control noted earlier, operating budgets remain tight and the pressure on state and local governments is severe. Today, state and local taxpayers provide over 50% of the funding needed to support public transit system operations. Riders provide an additional 40% through fares while the federal government provides less than 8% of operating revenues. Yet, the contribution of the federal partner remains critical. For medium and smaller systems this is particularly true, with federal operating support frequently accounting for 30% to 35% of total system revenues.

The continuation of the federal operating program at the levels established in the STAA is central to the retention of a balanced, broad-based and effective federal program. Pressure on state and local government budgets from recent declines in all types of federal assistance, as well as potential restrictions on local revenue-raising being discussed as part of tax reform initiatives, makes it virtually impossible to fully replace all federal support with state or local sources for any programs. This is certainly true with respect to support for public transit.

PROGRAM MANAGEMENT

We have noted increasing frustration and uncertainty on the part of UMTA grantees in their attempts to secure timely and consistent action, guidance and funding commitments from UMTA. Since the program certainly is not yet mature from an administrative and management standpoint, we believe that considerable additional attention should be paid to questions of program management.

APTA and its members have committed themselves to responsibly and thoroughly review with UMTA the many issues that remain to be solved in the program management area. We believe Congress should be a part of this reexamination, as well. It is our belief that the basic philosophy around which the STAA was crafted - one of less federal intrusion, greater local authority, less federal proscriptiveness and more streamlined delivery of federal resources - has not been realized.

Last year, in testimony presented before the Subcommittee on Surface Transportation of the House Committee on Public Works and Transportation, APTA addressed itself to similar program management concerns and proposed a number of specific steps for consideration in reauthorizing legislation. Included among the recommendations were suggestions to:

- 1) assure more timely apportionment of both current year funds and lapsed funds;
- 2) provide more timely and complete expressions of UMTA priorities for each year;
- 3) revise the Section 15 reporting requirement;
- 4) provide timely and more complete reports on the obligation status and release of UMTA funds;
- 5) make section 3 funds available more expeditiously during the year they are appropriated;
- 6) fully empower UMTA regional offices to take final action on program decisions; and,
- 7) improve the timeliness, content, consistency and interrelationship of UMTA policies, procedures, regulations and guidance.

Meeting Transit Needs Through Privatization and Competition.

A great deal of attention has been paid recently to the notion of introducing greater private involvement in the provision of public transit services, or at least increasing the extent of competition in the delivery of transit services. Despite the changing rhetoric and the confusion that has arisen as the Administration has attempted to describe exactly what it means, there is little disagreement in the public transit community that better integration of the public and private sectors is a sound management practice.

APTA and the industry as a whole are extremely proud of the organizations, that today, are singled out as examples of how to make this integration happen in a practical and responsible way. In fact, the transit industry has, for years sought out and successfully developed means to more closely tie public and private interests together to serve public needs. The breadth of these activities is considerable and is often overlooked. With rare exception, they have been carried out not because of federal

laws or mandates, but because it makes good business sense and good public policy. Past and continuing examples of public-private integration include:

- 1) Increasing private business involvement in sponsoring and subsidizing employee passes, despite current tax laws which act as a strong disincentive;
- 2) Increasing private investment in major transit capital projects through joint development activities, benefit assessment districts, leasing arrangements, etc. again, despite the Administration's proposed changes in tax law that would dramatically reduce the private incentives to make such investments;
- 3) Continued increases in contracting the entire range of transit-related functions to private or other providers, including regular route services, special services for the elderly and disabled, maintenance functions and administrative services.

It should be noted, however, that privatization is not for everyone - a sentiment surprisingly echoed by an UMTA official only weeks ago in addressing a group of smaller public transit system operators. Secondly, privatization is not a substitute for continuation of a broad-based program of federal assistance. Public and private industry representatives alike agree on the basic framework under which public and private partnerships will evolve: private or competitively bid services should be viewed as a supplement to basic publicly-operated systems and services; and, the introduction of unbridled competition and unconstrained open entry may, in fact, damage rather than promote the emergence of thoughtful, efficient and cooperative relationships and stable services that are essential to both public and private sectors.

We and our individual members have provided UMTA with extensive comments on how the public interest can best be served in the area of privatization. Copies of our comments on recently issued UMTA guidance have been made available to the Committee.

Conclusion

In summary, we believe the structure of the current program is sound, the distribution mechanisms are fair and the institutional framework and process embodied in the current Act are appropriate. The critical issues are those dealing with funding levels and program management.

We are highly cognizant of the deficit problem and its significance and have every confidence that Congress and the American people will, together, find an equitable solution. We are equally confident, however, that the solution does not lie in the abandonment of urgently needed federal leadership and investment in public transportation and our nation's other infrastructure systems.

In the long term, there could be a considerable advantage in moving the current federal transit program out of the general fund and entirely on to a dedicated source of funding. Such a move could promote much-needed stability across the country in efforts to provide basic transit services and improve overall mobility. Until such a step can be reasonably contemplated, we urge members of the Subcommittee to reaffirm the long-standing federal commitment to public transportation by appropriating funds at not less than current levels.

ST. LOUIS METRO LINK LIGHT RAIL PROJECT

STATEMENT OF R. HAL DEAN, EXECUTIVE DIRECTOR

Senator ANDREWS. Our next witness will be Mr. Hal Dean, executive director of the St. Louis Light Rail Project.

Mr. Dean, good to have you here.

Welcome to the committee. Let me assure you now, Hal, that your every word will be put in the record, just as though you uttered it in full. You may summarize in any way you might wish.

Mr. DEAN. Thank you, Chairman Andrews and members of the committee. Thank you for the privilege to appear before you again this year. My name is Hal Dean and I serve as the executive director of the St. Louis Metro Light Rail Project.

I think that my involvement with the project began over 3 years ago; it was on a strictly voluntary, no-pay basis. We had a distinct purpose for bringing the private sector, third-party perspective, and oversight to the project planning. Prior to that time, I spent the previous 15 years as chairman and chief executive officer of the Ralston-Purina Co. I plan to observe your time constraints.

Certainly no one knows better than you that many new rail starts that look good in the planning stages do not hold up under the more detailed analysis and closer scrutiny. The St. Louis light rail project looks better every day. We hope that you will agree and continue to support our efforts with a \$20 million appropriation for fiscal year 1987. Although our needs are greater than that, we understand the budgetary constraints of the committee.

Our St. Louis project has come further and faster than any rail project in the Nation. We are grateful for your current support in getting this far, but we also recognize that your future support has to be earned. We think that we are doing that.

Example: Preliminary engineering began in July 1985 and is scheduled for completion on time in July of this year.

Example: We will complete preliminary engineering for less than half the budget and in far less time than was estimated by UMTA.

Example: Contrary to UMTA's expectations and their predictions, the project cost has not increased one penny from the \$250 million estimated at the conclusion of alternative analysis. This has been done without cutting back one penny on any of the systems or any of the services; it's a well-run project, and I think that we have taken every dollar as if it was our own. We have made commitments and we have kept them.

We recognize your past support was not given without reservation. Let me briefly address what we believe to be the key concerns raised by UMTA.

First, the point was made that our analysis showed that an all-bus alternative will attract more riders than an integrated light rail and bus system. This resulted from UMTA's insistence that the bus alternative include a wide variety of locally unacceptable proposals such as closing

the entire central downtown street area and signal preemption on many miles of our major arterial streets.

Of course, these proposals were turned down flatly by local government and business groups. Patronage on the light rail alternative, on the other hand, was estimated by extremely conservative methods. The resulting comparison between the all-bus and light rail/bus alternatives was seriously flawed and is clearly theoretical and not real. We are producing demand estimates that will be real.

The second major concern of UMTA has been our proposal to use locally owned assets rather than cash to match Federal funding for this project. Contrary to UMTA's view, we believe that this is the strongest aspect of the project, one that makes us unique in the United States and for which we should not be penalized. I think this is important. By using existing infrastructure, we have drastically reduced the cost of a billion dollar project saving \$750 million in Federal and local money.

Further, St. Louis region has a long-standing cash commitment to public transportation with a one-half cent sales tax which was instituted in 1973, 13 years ago. We should not suffer in comparison with other cities which have only recently made a similar commitment solely to start a rail system.

Thank you very much, and we would like to introduce into the record our brochure and fact sheet.

Senator ANDREWS. Thank you very much. We would be glad to have that included in the record. You said preliminary engineering is going to be completed this summer.

What is the next step?

Mr. DEAN. Construction.

Senator ANDREWS. When will that be started?

Mr. DEAN. Approximately 10 to 14 months from that point of full engineering and construction.

Senator ANDREWS. Thank you. That is very helpful to us. We appreciate your appearance.

[The statement and fact sheet follow:]

STATEMENT OF R. HAL DEAN

Mr. Chairman and Subcommittee Members, let me first thank the committee for the opportunity to appear before you again this year to discuss our project. My name is Hal Dean, and I serve as Executive Director of the St. Louis Metro Link Light Rail Project. My involvement with the project began over three years ago, on a strictly volunteer basis, with the distinct purpose of bringing a private sector, third party perspective and oversight to the project planning. Prior to this time, I spent 15 years as Chairman and Chief Executive Officer of the Ralston-Purina Company of St. Louis.

Many new rail starts that look good in the planning stages don't hold up under more detailed analysis and close scrutiny. The St. Louis light rail project looks better with each passing day. We hope you will agree and continue to support our efforts with a \$20 million appropriation for FY '87. Although our needs are greater than this amount, we are making an identical request to last year, recognizing the budgetary pressure this committee is under.

The St. Louis project has come farther and faster than any rail project in the nation. We are grateful for your current support of our project in getting to this point but we recognize that your future support must be earned. We think we are doing just that. Preliminary engineering began in July of 1985 and is scheduled for completion on-time in July of this year. We will complete preliminary engineering for less than half the budget and in far less time than was estimated by UMTA. Contrary to UMTA's expectations and predictions, the project cost has not increased one penny from the \$250 million estimated at the conclusion of Alternatives Analysis. This has been done without cutting back on the system or its service. This is a well run project and every dollar

is spent as if it were our own. We have made commitments and we have kept them.

We recognize that your past support was not given without reservation. I would like to briefly address what we believe to be the key concerns raised by UMTA staff.

First, the point has been made that our analysis showed that an all-bus alternative will attract more riders than an integrated light rail and bus system. This resulted from UMTA's insistence that our bus alternative include a wide variety of locally unacceptable proposals such as the closing of our central downtown streets and signal preemption on many miles of major arterial streets. These proposals were turned down flatly by local governments and business groups. Patronage on the light rail alternative on the other hand, was estimated by very conservative methods. The resulting comparison between the all-bus and light rail/bus alternatives is seriously flawed and is clearly theoretical and not real. We are now producing demand estimates which better reflect the relationship between these alternatives. I think we have demonstrated great integrity in preparing our demand estimates. While that sometimes works to our disadvantage, we never want to have to apologize for a failure to meet our forecasts.

The second major concern has been our proposal to use locally-owned assets, rather than cash, to match federal funding for this project. Contrary to UMTA's view, we believe that this is the strongest aspect of this project, one that makes us unique, and for which we should not be penalized. By using existing infrastructure we have drastically reduced the cost of a billion dollar project saving \$750,000,000 of federal and local money. We are renewing priceless historic structures and putting them to good use. St. Louis should serve as a positive example of how to do rail transit at a reasonable cost.

The St. Louis region has a long standing cash commitment to public transportation with a one-half cent sales tax which was instituted in 1973. We should not suffer in comparison with cities which have only recently made a similar commitment solely to start a rail system.

I would also like to introduce into the record a copy of our brochure and fact sheets. We have provided copies for each member of the subcommittee.

Thanks again for your attention and your continued support.

FACT SHEET ON METRO LINK LIGHT RAIL PROJECT

Project Status: Preliminary engineering on the light rail system is nearing completion. The 18-mile system will have 20 stations and will be fully integrated with the bus system. An application will be submitted to the Urban Mass Transportation Administration in the summer of 1986 for final design and early construction. These activities will be partially funded by the \$23.5 million already appropriated by Congress for FY1985 and FY1986. The FY1987 funding request for \$20 million will cover additional construction. A letter of intent and full funding contract, per Sec. 3(a)(4) of the Urban Mass Transportation Act, will be sought when preliminary engineering is complete. Illinois Department of Transportation is committed to providing funds in FY1986 toward local match for a feasibility study for service to Belleville and Granite City. East-West Gateway Coordinating Council is also studying additional corridors in Missouri.

Project Cost and Phasing: Metro Link will cost about \$250 million in federal funds assuming a four-year funding cycle. This figure (less than \$14 million per mile) includes engineering and design, project management, construction and procurement, testing and start-up. Also escalation at 4-6%, contingency at 10%, and project reserve at 5%. City assets of approximately

\$85 million to be contributed to the project will bring the total project cost to \$335 million. East-West Gateway is currently negotiating with developers to privately fund certain station improvements which could also be used as a local match. Note: Cost of Metro Link has not grown during preliminary engineering. The cost of other rail lines will be determined by the above-mentioned study.

Construction Costs

Mode of Transportation	Capacity Persons/Hour Peak Direction	Vehicles/Hour	Estimated Construction Costs/Mile
Six-lane highway	6750	5400	\$35 million
Busway	6750	113	\$17 million
Rapid rail	6750	32	\$80 million
Metro Link	6750	35	\$12 million

Who Supports Light Rail? A broad-based group of elected and civic leaders from the St. Louis region, including the Missouri and Illinois Congressional Delegation, St. Louis Mayor Vincent Schoemehl, County Executive Gene McNary, East St. Louis Mayor Carl Officer, East-West Gateway Coordinating Council Chairman Hugh McCane, and Vice Chairman Jerry Costello, Civic Progress, St. Louis Regional Commerce and Growth Association, Downtown St. Louis, Inc., Landmarks Association, Central West End Associ-

Funding Summary to Date for LRT Proposal to EWGCC

Federal Fiscal Year Appropriation	Actual Receipt	Source	Amount	Purpose
1983	1984	Federal	\$ 500,000	To prepare environmental impact statement
	1984	Local	125,000 (in kind)	
1984	1985	Federal	\$ 3,500,000	Preliminary Engineering
	1985	Local	1,200,000	
1985	Congress appropriated. Application to UMTA in 1986	Federal	\$10,000,000	For final engineering
1986	Congress has appropriated. Applications will be made to UMTA	Federal	\$13,500,000	Construction
		Local	85,000,000	Capital Assets

ation, St. Louis Labor Council, Skinker-DeBaliviere Community Council, Paragard, Home Builders Association of Greater St. Louis, Archdiocese of St. Louis, Southwestern Illinois Building and Construction Trades Council, Bi-State Development Agency, Real Estate Board of Metropolitan St. Louis, Coalition for the Environment, Citizens for Modern Transit, many private development entities, and a host of other civic and neighborhood organizations.

Does Light Rail Follow Congressional Directives on New Starts? Yes! The 1982 Surface Transportation Assistance Act and the FY1983 Department of Transportation Appropriations Bill laid out specific guidelines for new starts. St. Louis meets these guidelines in the following ways. First, we have a dedicated 1/2¢ transportation sales tax (since 1973) guaranteeing a revenue source to the bus and light rail system. In addition, Illinois also has a dedicated transportation sales tax. Second, the project utilizes existing infrastructure such as the Eads Bridge, a rail tunnel under downtown, right-of-way and trackage through downtown to the airport, and a repair facility. Third, private sector involvement is extensive due to cooperation of railroads in city acquisition of rail facilities. In addition, many business developments are modifying and dovetailing projects to fit with light rail, e.g., Union Station, Amtrak, Washington Avenue Redevelopment Corporation, St. Louis Centre, Laclede's Landing Redevelopment Corporation, East St. Louis Riverfront Development, St. Louis County Enterprise Zone, and others. Fourth, the project is cost-effective, with few displacements of people or property; use of existing infrastructure nearly eliminates right-of-way costs; and, East-West Gateway's Alternative Analysis/Draft Environmental Impact Statement reveals that the cost to operate light rail is no

more than TSM (Transportation Systems Management), an UMTA term meaning improvements to the existing bus system.

What Are The Gains For The St. Louis Region With Light Rail? The region stands to profit greatly from light rail in the following general ways:

- * Demonstrating St. Louis' ability to be progressive and forward looking in meeting future needs
- * Increasing mobility, speed, comfort and reliability of public transportation
- * Improving operation and cost effectiveness of the bus system
- * Stimulating economic growth and increasing local tax receipts
- * Enhancing physical and social environment and improving air quality
- * Addressing parking cost and availability problems in downtown, midtown, Clayton and other employment centers
- * Providing a rapid and efficient method of transportation in the region's most densely populated and congested corridor

The region also stands to gain from light rail in many specific ways:

- * Tying together the downtown core area and many of the new developments, such as St. Louis Centre, Union Station, Laclede's Landing, etc.
- * Linking four university and college campuses, downtown and midtown cultural centers, city and federal government centers, new Amtrak Station, Lambert Airport, and the area's two largest employment centers, outside of downtown, Washington University Medical Center and McDonnell-Douglas Airport complex
- * Spurring economic development of approximately \$400 million—a conservative estimate in the AA/DEIS
- * Reducing travel time between origins and destination in the corridor
- * Creating more than 5,000 construction jobs
- * Creating about 18,000 permanent jobs and \$9 million annually in new tax revenues

Operating Costs

Mode of Transportation	Annual Operating Cost	Annual Operating Cost/Passenger	Cost Per Trip
Automobiles	\$215 million*	\$1,240	\$4.12
Light Rail/Bus	\$ 98 million**	\$ 580	\$1.86

*based on an average commute of 10 miles at a cost of 25.8¢ per mile not including parking or tolls

**based on Draft Environmental Impact Statement by the East-West Gateway Coordinating Council

- * Enhancing local tourism/convention package by connecting airport hotels, convention center and many entertainment centers

What If Federal Operating Assistance Is Cut Or Eliminated? The St. Louis proposal is based on federal operating subsidies remaining at the 1982 level in actual dollars through 1995. No federal subsidy increase to correct

for inflation was anticipated. Should all federal assistance be eliminated, the region has a number of replacement options available, which have been thoroughly discussed by the region's elected officials. In short, because a bus/rail combination system requires no greater amount of operating subsidy than does an all-bus system, the region's dependency on federal operating assistance is not increased by the addition of rail service.

CITY OF PORTLAND PUBLIC UTILITIES

STATEMENT OF VICTORIA CRAM

Senator ANDREWS. Our next witness will be Victoria Cram, representing public utilities for the city of Portland.

Let me assure you that in speaking for Mr. Van Brocklin, who is the director of government affairs, we have his statement, it will be included in the record in its entirety. You may summarize in any way you wish.

Ms. CRAM. Thank you.

I am here in lieu of Commissioner Margaret Sprawn, who is commissioner of public utilities for the city of Portland, OR, who was unable to attend at the last moment. My name is Victoria Cram and I work for the city of Portland's Washington office.

On behalf of the Portland region, which I represent here today, I want to thank you, Mr. Chairman, and your distinguished colleagues on the Appropriations Committee for providing this opportunity to outline Portland's fiscal year 1987 request for Federal transportation assistance.

The Portland region has two major concerns in the area of transportation finance:

First, to secure the amount of section 3 new start funds requested but not received in fiscal year 1986 in order to substantially complete the Banfield Light Rail Project; and, second, the appropriation of sufficient interstate transfer highway funds to permit the Portland region's interstate substitute highway program to continue on schedule.

The Portland region is grateful for the committee's continued interest in, and support of, the Banfield Light Rail Project. The project is now 98 percent under contract, over 90 percent complete, and scheduled to begin operation on time in the fall of this year.

The Banfield freeway portion of the project is functionally complete, with all connections and ramps now open. Traffic is running normally and smoothly along this reconstructed six-lane freeway system. The system includes new ramps, connections, and overpasses which have greatly improved the safety of the system while substantially reducing traffic congestion.

Work continues on several major project elements of the light rail, including construction along the downtown Portland alignment, along the sections adjacent to the Banfield freeway, on the steel bridge which

links the system on the east side of the Willamette River to Portland's downtown, and to complete the lightrail passenger stations and adjacent ride and park lots.

Extensive testing of the rail cars and electrification system continues along the completed portions of light rail track.

In order to complete this and other work on the light rail system, the Portland region is requesting \$1.3 million in section 3 UMTA new start funds. This figure represents the difference between the region's request and the amount appropriated by Congress in fiscal year 1986.

Absent extraordinary costs, such as successful claims, appropriation of this request should substantially complete the Banfield Light Rail Project. Be assured that we are making every effort to keep a tight reign on costs in order to create as little demand as possible for scarce Federal section 3 new start funds.

Our second request is for additional interstate transfer highway funds in order to continue the Portland region's highway improvement plan. Our highway improvement plan for fiscal year 1987 will require a total interstate transfer highway funding level of \$21.5 million. This is the aggregate amount, a portion of which we will receive in formula grants, and the remainder which we are requesting be made available from interstate substitute highway discretionary funds.

Under the Portland region's current highway program, interstate substitute highway funds appropriated by Congress to the Portland region for fiscal year 1986 will be obligated by the end of the current fiscal year. Hence, we are requesting funding to permit the Oregon program to continue on schedule.

Thank you, Mr. Chairman, for your committee's thoughtful consideration of our concerns, and I ask that the Portland region's testimony be submitted in full.

Senator ANDREWS. Thank you very much.

Will the \$1.3 million requested for the light rail system complete the Federal funding for this project?

Ms. CRAM. Absent any extraordinary costs, yes.

Senator ANDREWS. Good. Thank you very much.

Ms. CRAM. Thank you.

[The statement follows:]

STATEMENT OF ROBERT VAN BROCKLIN, DIRECTOR OF GOVERNMENT AFFAIRS,
CITY OF PORTLAND, OR

THANK YOU MR. CHAIRMAN. ON BEHALF OF THE PORTLAND REGION, WHICH I REPRESENT HERE TODAY, I WANT TO THANK YOU AND YOUR DISTINGUISHED COLLEAGUES ON THE APPROPRIATIONS COMMITTEE FOR PROVIDING THIS OPPORTUNITY TO OUTLINE PORTLAND'S FY 87 REQUEST FOR FEDERAL TRANSPORTATION ASSISTANCE.

THE PORTLAND REGION HAS FOUR MAJOR CONCERNS IN THE AREA OF TRANSPORTATION FINANCE:

- o FIRST, TO SECURE THE AMOUNT OF SECTION 3 NEW START FUNDS REQUESTED BUT NOT RECEIVED IN FY 86 IN ORDER TO SUBSTANTIALLY COMPLETE THE BANFIELD LIGHTRAIL PROJECT;
- o SECOND, THE APPROPRIATION OF SUFFICIENT INTERSTATE TRANSFER HIGHWAY FUNDS TO PERMIT THE PORTLAND REGION'S INTERSTATE SUBSTITUTE HIGHWAY PROGRAM TO CONTINUE ON SCHEDULE;
- o THIRD, CONTINUATION OF OPERATING SUBSIDIES FOR PUBLIC TRANSIT SYSTEMS; AND,
- o FOURTH, REAUTHORIZATION OF THE SURFACE TRANSPORTATION ASSISTANCE ACT, WITH DEDICATED FUNDING AT A LEVEL SUFFICIENT TO PERMIT OREGON'S TRANSIT AND HIGHWAY PROGRAMS TO BE MAINTAINED AT A LEVEL ADEQUATE TO MEET FEDERAL, STATE AND LOCAL NEEDS.

BANFIELD LIGHTRAIL PROJECT

THE PORTLAND REGION IS GRATEFUL FOR THE COMMITTEE'S CONTINUED INTEREST IN, AND SUPPORT OF, THE BANFIELD LIGHTRAIL PROJECT. THE PROJECT IS NOW 98% UNDER CONTRACT, OVER 90% COMPLETE AND SCHEDULED TO BEGIN OPERATION ON TIME IN THE FALL OF THIS YEAR. THE BANFIELD FREEWAY PORTION OF THE PROJECT IS FUNCTIONALLY COMPLETE, WITH ALL CONNECTIONS AND RAMPS NOW OPEN. TRAFFIC IS RUNNING NORMALLY AND SMOOTHLY ALONG THIS RECONSTRUCTED SIX LANE FREEWAY SYSTEM. THE SYSTEM INCLUDES NEW RAMPS, CONNECTIONS AND OVERPASSES WHICH HAVE GREATLY IMPROVED THE SAFETY OF THE SYSTEM WHILE SUBSTANTIALLY REDUCING TRAFFIC CONGESTION.

WORK CONTINUES ON SEVERAL MAJOR PROJECT ELEMENTS OF THE LIGHTRAIL, INCLUDING CONSTRUCTION:

- o ALONG THE DOWNTOWN PORTLAND ALIGNMENT;
- o ALONG THE SECTIONS ADJACENT TO THE BANFIELD FREEWAY;

- o ON THE STEEL BRIDGE, WHICH LINKS THE SYSTEM ON THE EAST SIDE OF THE WILLAMETTE RIVER TO PORTLAND'S DOWNTOWN; AND,
- o TO COMPLETE THE LIGHTRAIL PASSENGER STATIONS AND ADJACENT PARK AND RIDE LOTS.

EXTENSIVE TESTING OF THE RAIL CARS AND ELECTRIFICATION SYSTEM CONTINUES ALONG THE COMPLETED PORTIONS OF LIGHTRAIL TRACK.

IN ORDER TO COMPLETE THIS AND OTHER WORK ON THE LIGHTRAIL SYSTEM, THE PORTLAND REGION IS REQUESTING \$1.3 MILLION IN SECTION 3 UMTA NEW START FUNDS. THIS FIGURE REPRESENTS THE DIFFERENCE BETWEEN THE REGION'S REQUEST AND THE AMOUNT APPROPRIATED BY CONGRESS IN FY 86. ABSENT EXTRAORDINARY COSTS, SUCH AS SUCCESSFUL CLAIMS, APPROPRIATION OF THIS REQUEST SHOULD SUBSTANTIALLY COMPLETE THE BANFIELD LIGHTRAIL PROJECT. BE ASSURED THAT WE ARE MAKING EVERY EFFORT TO KEEP A TIGHT REIGN ON COSTS IN ORDER TO CREATE AS LITTLE DEMAND AS POSSIBLE FOR SCARCE FEDERAL SECTION 3 NEW START FUNDS.

INTERSTATE HIGHWAY TRANSFER FUNDS

OUR SECOND REQUEST IS FOR ADDITIONAL INTERSTATE TRANSFER HIGHWAY FUNDS IN ORDER TO CONTINUE THE PORTLAND REGION'S HIGHWAY IMPROVEMENT PLAN. OUR HIGHWAY IMPROVEMENT PLAN FOR FY 87 WILL REQUIRE A TOTAL INTERSTATE TRANSFER HIGHWAY FUNDING LEVEL OF \$21.5 MILLION. THIS IS THE AGGREGATE AMOUNT, A PORTION OF WHICH WE WILL RECEIVE IN FORMULA GRANTS, AND THE REMAINDER WHICH WE ARE REQUESTING BE MADE AVAILABLE FROM INTERSTATE SUBSTITUTE HIGHWAY DISCRETIONARY FUNDS.

UNDER THE PORTLAND REGION'S CURRENT HIGHWAY PROGRAM, INTERSTATE SUBSTITUTE HIGHWAY FUNDS APPROPRIATED BY CONGRESS TO THE PORTLAND REGION FOR FY 86 WILL BE OBLIGATED BY THE END OF THE CURRENT FISCAL YEAR. HENCE, WE ARE REQUESTING FUNDING TO PERMIT THE OREGON PROGRAM TO CONTINUE ON SCHEDULE.

FEDERAL OPERATING SUBSIDIES

THIRD, THE PORTLAND REGION REQUESTS THE CONTINUED FUNDING OF FEDERAL OPERATING SUBSIDIES FOR MASS TRANSIT. THE PORTLAND REGION'S TRANSIT AGENCY, TRI-MET, HAS A \$70 MILLION BUDGET THIS YEAR. LAST YEAR THE AGENCY RECEIVED APPROXIMATELY \$4.6 MILLION IN OPERATING SUBSIDIES OR ABOUT 6.6% OF ITS BUDGET. OVER THE PAST THREE YEARS, THE AGENCY HAS RAISED FARES 15%, CUT SERVICE BY 15%, AND INCREASED PRODUCTIVITY. A NEW BOARD APPOINTED BY OREGON GOVERNOR VICTOR ATIYEH IS NOW CONSIDERING ADOPTING A LOCAL INCOME TAX TO FURTHER STABILIZE TRI-MET'S FUNDING BASE.

LAST FALL, A STUDY WAS COMPLETED AND A REPORT PRODUCED BY A "BLUE RIBBON" COMMITTEE OF PUBLIC AND PRIVATE LEADERS IN THE PORTLAND REGION. THE COMMITTEE'S CHARGE WAS TO FURTHER DEFINE TRI-MET'S ROLE AS THE PUBLIC TRANSPORTATION PROVIDER IN THE PORTLAND REGION. THIS STUDY ESTABLISHED THE NEED TO RAISE ADDITIONAL LOCAL REVENUES TO AVOID THE POSSIBILITY OF A DEFICIT AT OUR PUBLIC TRANSIT AGENCY THAT WOULD RESULT IN SEVERE CURTAILMENT OF TRANSIT SERVICES. WE ARE NOT ASKING THE FEDERAL GOVERNMENT TO INCREASE ITS SHARE OF THIS RESPONSIBILITY. WE ARE, HOWEVER, ASKING THAT THE FEDERAL CONTRIBUTION BE MAINTAINED.

REAUTHORIZATION/NEW REVENUES

LASTLY, THE PORTLAND REGION SUPPORTS REAUTHORIZATION OF THE SURFACE TRANSPORTATION ASSISTANCE ACT DURING THIS SESSION OF CONGRESS. FEDERAL TRANSPORTATION ASSISTANCE TO STATE AND LOCAL GOVERNMENT IS CRITICAL. WITHOUT CONTINUED SUPPORT, PUBLIC TRANSPORTATION INVESTMENTS NECESSARY TO INDUCE PRIVATE INVESTMENT AND ECONOMIC GROWTH WILL FAIL TO OCCUR. THIS WILL IMPEDE THE EFFICIENT FLOW OF GOODS AND SERVICES THAT ARE FUNDAMENTAL TO SUSTAINED ECONOMIC GROWTH AND PROSPERITY. ACCORDINGLY, ANY REAUTHORIZATION BILL MUST CONTINUE TO PROVIDE ADEQUATE SUPPORT FOR:

- o BOTH CAPITAL AND OPERATING NEEDS OF URBAN TRANSIT SYSTEMS;

- o LONG-TERM PARTICIPANTS IN THE INTERSTATE TRANSFER HIGHWAY PROGRAM;
- o FEDERAL AID TO URBAN SYSTEMS AND RELATED HIGHWAY PROGRAMS TARGETED TO URBAN AREAS; AND
- o THE INTERSTATE, HIGHWAY BRIDGE REPAIR, FEDERAL AID TO PRIMARY AND FEDERAL AID TO SECONDARY CATEGORIES.

THANK YOU, MR. CHAIRMAN FOR YOUR COMMITTEE'S THOUGHTFUL CONSIDERATION OF OUR CONCERNS.

GEORGETOWN UNIVERSITY

STATEMENT OF REV. WILLIAM L. GEORGE, S.J., ASSISTANT TO THE PRESIDENT

Senator ANDREWS. We now have that wonderful window of opportunity because we are waiting for Senator Chiles to introduce his people from Metro-Dade Transportation, where if anyone wants to jump ahead and take a 1-minute segment to clear themselves up and get out and on their way, we would be glad to recognize any volunteer.

Do we have volunteers for 1 minute? Father George. I thought you would jump to that.

Father George. I always do it in 1 minute, anyway.

Senator ANDREWS. That is right. It has been a number of years that you have been testifying before subcommittees that I have been on. Good to have you here.

Father GEORGE. Thank you, Mr. Chairman. I am Father William George, assistant to the president of Georgetown. And I would like to discuss two things. One, thank the committee for its past goodness to us; the university parking facility is completed and functioning. And we added one unique thing to it; we tried a different kind of cement that should permit the building to last another 10 to 20 years. I will let you know in the future.

I would like the committee to consider \$800,000 toward the research for fuel cell buses. We have done a feasibility study, or will complete one in a couple of months with Los Alamos, and it basically says the research should be completed. It will take about 2 years for that.

Senator ANDREWS. Thank you very much, Father George.

Of the \$800,000 requested, how much do you estimate will be spent in fiscal year 1987?

Father George. In 1987, that would all be spent in fiscal year 1987.

Senator ANDREWS. OK. Good to have you here.

[The statement follows:]

STATEMENT OF REV. WILLIAM L. GEORGE, S.J.

Mr. Chairman and Members of the Committee, I am Father William L. George, S.J., Assistant to the President of Georgetown University. I would like to thank the Committee for the opportunity to testify and for your support in past years.

Today I would like to address two topics: the Energy Parking Facility; and, the Fuel Cell Bus Program (\$800,000 FY'87 request).

The Energy Parking Facility is 95% completed. It is currently in use, and we anticipate a dedication in a year and a half when the accompanying building is completed. We would like to thank the Committee for its support in this project. The energy system is also virtually finished and we expect it to be operational this summer. Georgetown University has added \$5.6 million of its own resources to the \$8 million from the Urban Mass Transit Authority.

Secondly, for the last year and a half Georgetown University, in association with Los Alamos Laboratories in New Mexico, the Department of Energy, and the Department of Transportation, has conducted a Fuel Cell Feasibility Study. A Blue Ribbon Advisory Panel of technical and policy making people in the Fuel Cell/Transportation Industry have participated. The panel is in agreement that the potential benefits of using fuel cells in buses are so valuable that useful development is called for. Low-polluting, low-noise, fuel efficient buses would benefit our cities.

In consultation with industry specialists we have estimated that the commercial feasibility of a PA fuel cell bus system could be undertaken over the next four years. Georgetown University has a long history and experience in the field of energy development projects leading to commercialisation. We have recently concluded a major DOD sponsored feasibility study in the field of fuel cell research. Georgetown also has a history of running a fleet of mini-buses in an urban environment. Georgetown University has unparalleled experience in managing energy commercialisation programs. This fuel cell bus program would be managed by Georgetown who would assure that the Los Alamos National Laboratory would be involved in the fuel cell research. The program would operate in conjunction with the Department of Transportation and the Department of Energy. Research will gradually give way to development.

The four-phase program that is envisioned would take place over four years, and would result in the actual pre-commercial production of operable fuel cell buses. The first 2½ years would complete the research necessary before final development. The first phase of the program is estimated at \$2.5 million, and the entire four-phase project has an estimated cost of \$15.0 million. Private sources will have provided an estimated \$5.5 million, and the Federal Sources \$9.5 million by the projects end. We would like to ask this committee to consider \$800,000 to the first 18 month phase of this program.

On behalf of our President, Rev. Timothy S. Healy, S.J., thank you for your generous support, and for this opportunity to testify.

FUEL CELL FEASIBILITY STUDYBLUE RIBBON ADVISORY PANEL

Dean Price	University Architect Georgetown University
Rev. William L. George, S.J.	Special Assistant to the President for Federal Relations Georgetown University
Sam Romano	Management Technology, Inc. Santa Barbara, California
Albert Sobey	Director, Energy and Advanced Product Economics General Motors
Terrance Kirkland	Consultant (Former Chief Army R & D Laboratories) Piedmont, South Dakota
Stanley Ruby	Acting Director Division of Energy Storage Technology Department of Energy
Dr. Johann A. Joebstl	Chief, Electrochemical Division STRBE-EC US Army Belvoir Research & Development Center
Daryl Jaschen	Chief Vehicle Engineer Washington Metropolitan Area Transportation Authority
Sherri Alston	Administrator Office of Mass Transit D.C. Department of Public Works
Glerm Coontz	Energy Division Manager City of Albuquerque, New Mexico
Gerry Green	P.T.I., Inc. Director Transportation Program

CHICAGO TRANSIT AUTHORITY

STATEMENT OF DAVID WILLIAMS, FIRST DEPUTY COMMISSIONER FOR
THE CITY OF CHICAGO, PUBLIC WORKS DEPARTMENT

ACCOMPANIED BY LARRY PIANTO, CHIEF ADMINISTRATIVE OFFICER

Senator ANDREWS. Anyone else want to volunteer for the 1-minute drill?

OK. We will turn to Chicago Transit Authority, Mr. David Williams, the first deputy commissioner.

Mr. Williams, good to have you here.

Mr. WILLIAMS. Good morning, Mr. Chairman. Good morning, members of the committee. I am David Williams, the first deputy commissioner from the city of Chicago Department of Public Works, and joining me here today is Larry Pianto, who is a chief administrative officer of the Chicago Transit Authority.

We are confining our remarks to the Interstate Transfer Program and would like to highlight some of our concerns over the nature of the program and recent trends in the budget and appropriations process. More detail can be found in the written testimony which we submitted to the committee last week.

In effect, Congress, through the transfer program, made an offer to the States and the local government which said that if they withdrew designated interstate segments, Congress would provide the funding for program of substitute projects. Illinois and 20 other States have accepted Congress offer, but the original value-for-value trade-in agreement has been severely undermined over the years.

The 1982 Service Transportation Assistance Act removed from escalation the program's unfunded balance. Each year appropriations have fallen increasingly short of authorization levels.

And, finally, 11 more interstate segments have been withdrawn since 1982 with value of \$4 billion but without any compensating increase in the authorizations or appropriations. In short, the needs are growing and resources are dwindling.

On top of this, the administration has proposed to fund both highway and transit substitute projects from the highway trust fund at a combined total of \$500 million per year. This is a reduction of \$404 million or 45 percent from the current 1986 funding levels.

The impact is even more severe because the 1986 funding did not include the needs of New York's \$1.7 billion westway withdrawal. The needs generated by the westway withdrawal have increased demands of the programs' funding by 25 percent.

Finally, the administration proposes an extension of the payout period of the program by 8 years from 1990 to 1998. A recent survey of interstate transfer areas so as to meet the national interstate transfer transit needs alone would require an appropriation of about \$300 million in 1987 compared to the \$200 million in fiscal year 1986 level. Yet, we know that even though such an increase would be consistent with the value-for-value trading concept, it would be contrary to the current budget cutting mood of Congress.

In fiscal year 1986 Congress generously provided over \$115 million for Chicago area transit substitute projects. These funds will enable us to begin the construction of the southwest transit line in Chicago on schedule in the fall of this year. The Southwest Rail Rapid Transit project is a 9-mile, nine-station extension to our existing system, linking downtown Chicago with Midway Airport. It will provide service to the last sector of the city, which still lacks rapid transit service; in fact, the southwest corridor is now the heaviest traveled corridor in the country with only buses for public transportation.

Our transit funding request for 1987 is \$120 million, which would enable us to keep the southwest transit construction on schedule and within budget. For highway substitute projects, Congress provided the city of Chicago area or the Chicago area, rather, with over \$125 million in fiscal year 1986.

Our funding estimates for fiscal year 1987 show that we could use up to \$160 million to meet our city and suburban highway needs. In light of these needs, we urge the committee to provide as much annual funding as possible in order to minimally honor the original value-for-value interstate transfer trade-in agreements made between Congress and the 21 transfer States.

Again, we thank you for this opportunity to present our needs to you.

Senator ANDREWS. Thank you very much. We would like to be sure on this.

Are the requests made for interstate highway and transfer funds the total request or just the discretionary amounts necessary?

Mr. WILLIAMS. Those are total requests.

Senator ANDREWS. They are the total requests?

Mr. WILLIAMS. Yes.

Senator ANDREWS. Thank you very much. We appreciate your statement.

MUNICIPALITY OF METROPOLITAN SEATTLE

STATEMENT OF ROBERT NEIR, CHAIRMAN, TRANSIT COMMITTEE

Mr. NEIR. Thank you, Mr. Chairman.

My name is Bob Neir, and I am the chairman of the transit committee of the municipality of Metropolitan Seattle. I am here in behalf of the 27 cities and the County of King, the unincorporated area, the city of Seattle, plus Snohomish and Pierce Counties which also support this project and we in total represent a population of some 2 million.

Mr. Chairman, thank you for the opportunity to present testimony before your committee on the downtown Seattle transit project. Together we have made great progress in solving the most critical transportation problem in my region.

Today I want to give you an update on that project's development. Last summer, Metro and the city of Seattle completed the Federal environmental process and initiated land acquisition and final design activities. Purchase agreements have been reached on 24 of the 29 necessary parcels of land.

Significantly, private property owners have agreed to donate, free of charge, \$11 million worth of property easements for station entrances. Overall design is now 43 percent complete. Bids have been opened on utility relocation work and this work could begin as early as next week.

We plan to award a major \$50 to \$60 million tunnel boring contract August of this year. So the project is moving. Our problem is uncertainty—uncertainty over future funding, uncertainty that even the will of Congress will be respected and carried out by this administration.

As this committee knows well, the General Accounting Office found UMTA guilty of impounding funds intended for Los Angeles. The Secretary of Transportation failed to conclude negotiations and execute full funding contracts by March 19 for projects in Miami, Seattle, and Los Angeles.

Back home, some people are wondering whether we ought to delay our project because of this uncertainty, even though they know the project is essential, even though we have spent a lot of money based on prior commitments and with full knowledge that delay will drive up the cost of a project even UMTA says is the most cost effective transit project in the Nation.

Mr. Chairman, our bus tunnel project is so important to our local community that we are willing to pay twice the normal local match and borrow heavily against our future local resources, but we cannot afford this project on our own. We need a Federal partner.

For fiscal year 1987, we are requesting \$68 million in Federal discretionary grant support. You have provided \$45 million in the past. This leaves \$84 remaining of a Federal share of 50 percent, or \$197 million.

We hope urgently that an assertion of congressional authority in the fiscal year 1987 appropriation process will dispel the uncertainty that jeopardizes this project.

Having first updated you on the bus tunnel's progress and its funding, let me explain why I believe this project should be built and built in partnership with the Federal Government. Downtown Seattle employment is expected to grow by another 20,000 jobs by the year 1990. Once again, transit is expected to handle nearly all the additional peak hour trips generated by these employees.

Downtown bus speeds will slow to a crawl if the tunnel is not built. Even today you can make better time walking down Third Avenue than you will riding the bus. The downtown Seattle transit project will also improve the economic efficiency of our region by improving transit access to the downtown.

Finally, the tunnel will complete a regional system of dedicated high-occupancy vehicle highway lanes radiating out from our congested downtown streets. Since 84 percent of or regional system's buses pass through the downtown at some point during the day, the tunnel will greatly enhance schedule reliability throughout the entire metropolitan service area.

This long-term solution to the downtown transportation problems will free Metro to spend even more time and resources on the emerging transportation difficulties of our suburban activity centers.

We believe the project is well-conceived and a prime candidate for Federal investment. Even the Urban Mass Transportation Administration does not quarrel with us over the cost effectiveness of this project. But Mr. Stanley's words of praise do not alter the fact that the administration is pursuing an ill-conceived policy of greatly diminished Federal support for mass transit.

Is bureaucratic obstructionism what the American people want from their Federal Government? I think not. Even David Stockman now admits that radical domestic spending cuts ignore political reality. The so-called revolutionaries within the administration fail to appreciate Americans' willingness to pull together for the common good.

What public good does mass transit provide? First and foremost, increased mobility for everyone in our larger cities. Our bus tunnel will cut 54 hours per year off the average tunnel rider's commuting time. Just think, Mr. Chairman, more than 1 work-week of extra productive time for 250,000 daily commuters.

Economic development incentive is probably the next most important benefit of mass transit. The downtown Seattle economy is not generating as many new jobs as the State of Washington lost in the troubled wood products industry. Twenty-seven major highrise construction projects are now underway in Seattle's downtown.

Mass transit also contributes toward a long list of other national goals, including environmental protection, energy conservation, transportation safety, and low-cost mobility for the elderly, handicapped, and economically disadvantaged citizens.

For all these reasons, I urge this committee to reject, as you have in the past, the administration's ill-conceived attempts to withdraw Federal support from mass transit and continue, as you have in the past, to support the Seattle downtown transit project.

I thank you.

Senator ANDREWS. Thank you very much.

How close are you to agreement with UMTA?

Mr. NEIR. We have an agreement with UMTA but it is being held up. Anytime that the Congress and the administration see eye to eye, we feel that agreement will be signed by both parties.

Senator ANDREWS. Thank you very much.

[The statement follows:]

STATEMENT OF ROBERT NEIR

Mr. Chairman, thank you for the opportunity to present testimony before your Committee on the Downtown Seattle Transit Project. Together, we have made great progress in solving the most critical transportation problem in my region. Today, I want to give you an update on the project's development.

More importantly, I want to explain why good mass transit is in the national interest and deserves sustained levels of federal support.

Let me turn first to the status of the Downtown Seattle Transit Project. Last summer, Metro and the City of Seattle completed the federal environmental process and initiated land acquisition and final design activities. A \$20 million, PY 1985 discretionary grant provided at the direction of this Committee is helping finance these activities. The Metro Council and the City of Seattle have authorized the expenditure of \$65.5 million for this phase of the project.

Land acquisition activity is in full swing. Purchase agreements have been reached on 24 of the 29 necessary parcels. Easements have been secured for all necessary station entrances. Significantly, private property owners have agreed to donate, free of charge, \$11 million worth of property easements for station entrances.

We have also managed to coordinate the schedule and integrate the physical design of the tunnel with several other important development programs in downtown Seattle.

Overall design is now 43% completed. Bids have been solicited on utility relocation work. This work will begin in the next two months. We plan to award a major \$50-60 million tunnel boring contract this summer. Our schedule calls for 83% of all construction activity to be under contract by Spring, 1987. Our engineers estimate these Fiscal Year 1986 and 1987 contracts will cost \$232 million when all the bills are paid.

So, the project is moving. Our problem is uncertainty. Uncertainty over future funding. Uncertainty that even the will of Congress will be respected and carried out by this Administration.

As this Committee knows well, the General Accounting Office found UMTA guilty of impounding funds intended for Los Angeles. The Secretary of Transportation failed to conclude negotiations and execute full funding contracts by March 19th for projects in Miami, Seattle and Los Angeles.

Back home, some people are wondering whether we ought to delay our project because of this uncertainty - even though they know the project is essential to our economic health, even though we have spent a lot of money based on prior commitments, and with full knowledge that delay will drive up the cost of a project even UMTA says is the most cost-effective transit project in the nation.

Mr. Chairman, our bus tunnel project is so important to our community that we are willing to pay twice the normal local match and borrow heavily against future local resources. But we can't afford this project on our own. We need a federal partner.

For FY 1987, we are requesting \$68 million in federal discretionary grant support. You have provided \$45 million in the past. That leaves only \$84 million remaining of a federal share of 50% or \$197 million.

Locally, we are supplying 50% of tunnel construction costs, all of the \$21 million needed for tunnel related surface improvements, and up to \$115 million for purchase of the dual powered diesel electric buses that will operate in the tunnel.

We hope, urgently, that an assertion of congressional authority in the FY 1987 appropriation process will dispel the uncertainty that jeopardizes this project.

Having first updated you on the bus tunnel's progress and funding, let me now explain why I believe this project should be built and built in partnership with the federal government.

Growing urban regions like my own need major investments in new transit facilities to maintain mobility, economic vitality and a high-quality environment for our citizens. In the Seattle metropolitan area, we've managed to avoid choking on rush-hour auto congestion thus far through a cost-effective expansion of our bus system. Downtown Seattle employment grew by 20,000 jobs in the period between 1975 and 1982, but peak hour auto access

actually declined because of a remarkable 100% increase in peak-hour transit ridership.

Downtown Seattle employment is expected to grow by another 20,000 jobs by the year 1990. Once again, transit is expected to handle nearly all the additional peak-hour trips generated by these employees. Downtown bus speeds will slow to a crawl if the tunnel is not built. Even today, you can make better time walking down Third Avenue than you will riding the bus.

The Downtown Seattle Transit Project will improve the economic efficiency of our region by improving transit access to downtown. It will also generate secondary benefits in employment, tax revenues and enhanced livability of our downtown environment. Downtown provides nearly a third of our central city tax revenues and nearly all of the real growth in those revenues.

Finally, the tunnel will complete a regional system of dedicated, high-occupancy vehicle highway lanes radiating out from our congested downtown streets. Since 84% of our regional system's buses pass through downtown at some point during the day, the tunnel will also greatly enhance schedule reliability throughout the entire metropolitan service area. This long term solution to downtown transportation problems will also free Metro to spend even more time and resources on the emerging transportation difficulties of our suburban activity centers. We believe the project is well conceived, and a prime candidate for federal investment.

Even the Urban Mass Transportation Administration does not quarrel with us over the cost-effectiveness of this project. UMTA's own analysis showed that the direct transit benefits alone of the Seattle bus tunnel will far exceed its proposed cost in federal dollars. Just last month, UMTA Administrator Ralph Stanley indicated once again in testimony before the Senate Banking Committee that our project ranked first in the nation in cost-effectiveness.

But Mr. Stanley's words of praise do not alter the fact that the Reagan Administration is pursuing an ill conceived policy of greatly diminished federal support for mass transit. Is bureaucratic obstructionism what the American people want from their federal government? I think not. Even David Stockman, that founding father of current anti-transit attitudes within the

ADMINISTRATION, now admits that the Administration's radical domestic spending cuts ignore political reality. When the American people want a public good, like mass transit, they look to all levels of government to play a role in providing it. The so-called Reagan revolutionaries fail to appreciate Americans' willingness to pull together for the common good.

What public good does mass transit provide? First and foremost, increased personal mobility for everyone in our larger cities. Our bus tunnel will cut 54 hours per year off the average tunnel rider's commuting time. Just think, Mr. Chairman, more than one work week of extra productive time for thousands of daily commuters.

Economic development incentive is probably the next most important benefit of mass transit. Good transit service permits increased development density to occur. The City of Seattle recognized the dependency of highrise development on transit and adopted a comprehensive downtown land use and transportation plan that permits high density only in areas well served by transit. The downtown Seattle economy is generating as many new jobs as the state of Washington lost in the troubled wood products industry.

Mass transit also contributes towards a long list of other national goals including environmental protection, energy conservation, transportation safety and low cost mobility for elderly, handicapped and economically disadvantaged citizens.

For all these reasons, I urge this Committee to reject, as you have in the past, the Administration's ill conceived attempt to withdraw federal support for mass transit. Congress raised the federal gasoline tax in 1982 at the President's request to expand the level of federal support for mass transit. You know that the real world costs of not following through on promised federal support are too high to be contemplated seriously.

SAN FRANCISCO BAY AREA METROPOLITAN TRANSPORTATION COMMISSION
STATEMENT OF BOB SCHRODER, CHAIRMAN

ACCOMPANIED BY LINDA BEST, EXECUTIVE DIRECTOR, CONTRA COSTA
COUNCIL, SAN FRANCISCO BAY AREA

Senator ANDREWS. We skip two more because of Senators wanting to come introduce them, and go to the Metropolitan Transportation Commission of San Francisco Bay Area, Bob Schroder.

Bob, good to have you here. I have enjoyed my times out in BART. You are doing a good job.

Let me assure you that we have your whole statement. It is going to be included in the record as though you had uttered every word of it.

Mr. SCHRODER. Mr. Chairman, as chairman of the Metropolitan Transportation Commission, I am speaking on behalf of the 17 public transit operators who daily provide service to more than a million and a half riders throughout the nine San Francisco Bay Area counties.

I am accompanied today by a leader of the private sector, Linda Best, who is executive director of the Contra Costa Council which represents business and industry in one of the bay area's fastest growing corridors.

I would like to thank the committee for its history of strong, consistent support for Federal mass transit programs and particularly for the bay area projects. We are moving ahead with several elements in our new rail transit starts and extensions plan that was adopted in February 1984.

The Urban Mass Transportation Administration recently completed a full funding agreement for BART's daily city turnback and storage yard, already under construction and scheduled for completion in the summer of 1988. Together with other elements in BART's capital improvement program, the facilities will help to increase the regional rapid transit system's transbay capacity by 70 percent.

UMTA in recent weeks also gave a green light to two alternative analyses: one for the corridor running from the BART terminus in Concord which is in my county, Contra Costa, to the Pittsburgh/Antioch area, the east county; and the other focusing on the corridor connecting the BART terminus at the edge of Alameda County to the San Jose and Silicon Valley.

With every mile of rail and highway costing in the millions of dollars, the status of the bay area's mobility in the year 2000 and beyond has become intimately tied to the question of future funding. The answer to that question may be forthcoming this year with the passage of the reauthorization bill for transit and highway programs.

We urge your support in seeing to it that such legislation is introduced and passed in a timely manner to ensure program continuity. We certainly recognize that the Gramm-Rudman-Hollings Act has put enormous pressure on the administration and Congress to trim the budget wherever possible and that the Nation's transit industry has to stand ready to sustain some cuts. Yet, it is our hope that any reduction in transit spending will be proportionate to cuts sustained by other domestic programs.

This is really more than a self-serving notion. The link between a healthy transit system and a healthy economy is indisputable, especially in the bay area where a full 17 percent of the workers use transit to get to their jobs. In heavily traveled corridors and urban corridors, the figures are substantially higher.

For instance, nearly 50 percent of the workers whose jobs are in downtown San Francisco commute by transit. The connection between

business and transportation access has not escaped the attention of private developers who hope to capture the benefits of public transit by investing in joint development projects in the vicinity of transit stations.

As an example in my county, the Bay Area Rapid Transit District is going into a venture to build a hotel in that particular area. And where transit and highway services and facilities are clearly inadequate to sustain new development, the private sector is showing increasing willingness to pay out of their pockets for improvements that will allow their plans to go forward.

As my colleague, Linda Best of the Contra Costa Council can attest, this trend is very evident in the Interstate 680/580 corridor which has some of the bay area's most fertile ground for corporate growth.

Developers of the Hacienda Business Park in southern Alameda County expect to have 35,000 employees by the year 2000. They recently put up \$4 million to help purchase a Southern Pacific right-of-way which is being studied for possible light rail.

Developers of the Bishop Ranch Business Park in San Ramon have contributed substantially to highway improvements in the vicinity of the park and are paying \$180,000 a year to run a shuttle bus from the Walnut Creek BART Station to their facility.

In closing, I would like to point out that the bay area is a microcosm of the Nation. We encompass both densely developed urban corridors and picturesque rural agricultural lands; nearly every conceivable transit mode, including buses, trolleys, coaches, light rail, heavy rapid rail, conventional ferries, high speed catamarans; old well-established transit systems that have been in existence for upward of some 100 years, and new state-of-the-art systems that are just getting off the ground.

Our modal and geographic diversity means that every Federal transit program now in place is of vital significance to us, including the section 9 formula grants that provide operating subsidies for transit operators, the section 18 formula grants for rural transit operators, and the section 3 discretionary grants that are helping pay for our rail extensions.

Sir, the evenhanded approach that has characterized the work of your committee will enable transit operators, both in the bay area and across the Nation, to regroup and hopefully survive this difficult transit period.

I thank you very kindly.

Senator ANDREWS. Thank you very much for an excellent statement.

Budget resolutions call for a 10- to 20-percent operating assistance cut. How would BART, the Muni, and the bus systems respond to such a cut?

Mr. SCHRODER. It would certainly be difficult, but we are doing everything on a local level to develop local funding to make up those particular deficits.

Senator ANDREWS. Thank you very much.

[The statement follows:]

STATEMENT OF ROBERT I. SCHRODER

Mr. Chairman and Committee members, as chairman of the Metropolitan Transportation Commission, I am speaking on behalf of the 17 public transit operators who daily provide service to more than a million and a half riders throughout the nine-county San Francisco Bay Area. I am accompanied today by a leader of the private sector, Linda Best, who is Executive Director of the Contra Costa Council, which represents business and industry in one of the Bay region's fastest growing corridors.

By way of opening, I would like to thank the committee for its history of strong, consistent support for federal mass transit programs, and particularly for Bay Area projects. Thanks to your help, we are moving ahead with several elements in our New Rail Transit Starts and Extensions Plan that was adopted in February of 1984. Construction of the Guadalupe Corridor light rail system is on track. The first segment of rail was laid in January, with testing of the first rail cars scheduled for September. When completed in 1988, the 20-mile system will carry thousands of riders daily between residential areas in South San Jose and high-technology firms in Silicon Valley.

The Urban Mass Transportation Administration recently signed a full-funding agreement for BART's Daly City turnback and storage yard, already under construction and scheduled for completion in the summer of 1988. Together with other elements in BART's capital improvement program, the facilities will help to increase the regional rapid transit system's transbay capacity by 70 percent.

UMTA in recent weeks also gave a green light to two alternatives analyses: one for the corridor running from the BART terminus in Concord to the Pittsburg/Antioch area, and the other focusing on the corridor connecting the BART terminus at the edge of Alameda County to San Jose and Silicon Valley. While it remains to be seen whether BART, light rail or some other mode makes the most sense for these strategically located corridors, the studies mark an important step in the effort to extend the reach of the Bay Area's transit network.

We are gratified that we have been able to move forward with these critical projects despite the shifting mood toward rail extensions in Washington. But we are also concerned about what the future holds in store for the Bay Area. With every mile of rail and highway costing in the millions of dollars, the status of the Bay Area's mobility in the year 2000 and beyond has become intimately tied to the question of future funding.

The answer to that question may be forthcoming this year with passage of a reauthorization bill for transit and highway programs. It is our hope that the Senate Committee on Banking, Housing and Urban Affairs and Committee on Environment and Public Works will craft a reauthorization bill that essentially extends the landmark Surface Transportation Assistance Act of 1982 for another four years. Under this plan, gas tax revenues would continue to be available to finance rail transit extensions and other capital projects and the transit operating subsidy program would remain intact. We urge your support in seeing to it that such legislation is introduced and passed in a timely manner to ensure program continuity.

Deliberations on the long-term issues associated with program reauthorization, however, necessarily must take a back seat to the much more pressing issue of appropriations for the upcoming fiscal year. We recognize that the Gramm-Rudman-Hollings Act has put enormous pressure on the Administration and Congress to trim the budget wherever possible, and that the nation's transit industry has to stand ready to sustain some cuts. Yet it is our hope that any reduction in transit spending will be proportionate to cuts sustained by other domestic programs.

This is more than a self-serving notion. The link between a healthy transit system and a healthy economy is indisputable, especially in the Bay Area, where a full 17 percent of workers use transit to get to their jobs. For heavily traveled corridors and urban cores, the figures are substantially higher -- for instance, nearly 50 percent of the workers whose jobs are in downtown San Francisco commute by public transit.

The connection between business and transportation access hasn't escaped the attention of private developers, who hope to capture the benefits of public transit by investing in joint-development projects in the vicinity of transit stations. The planned construction of a major hotel at the Pleasant Hill BART Station is the most recent of such ventures in the Bay Area.

And where transit and highway services and facilities are clearly inadequate to sustain new development, the private sector is showing increasing willingness to pay out of pocket for improvements that will allow their plans to go forward. As my colleague Linda Best of the Contra Costa Council can attest, this trend is very evident in the I-680/580 corridor, which has some of the Bay Area's most fertile ground for corporate growth.

Developers of the Hacienda Business Park in Pleasanton, which expects to have 35,000 employees by the year 2005, recently put up four million dollars to help purchase and preserve the San Ramon Branch right of way, which is being studied for a possible light rail line. In the meantime, the Hacienda Owners' Association is subsidizing to the tune of \$350,000 a year a shuttle that

connects the property to the Bay Fair BART Station. The Hacienda developers and tenants also are shouldering a substantial portion of the cost of constructing four nearby highway interchanges. Developers of Bishop Ranch Business Park in San Ramon have contributed substantially to highway improvements in the vicinity of the park, and are paying \$180,000 a year to run a shuttle to the Walnut Creek BART Station.

While tax hikes often are anathema to the business community, the private sector in the I-680-580 corridor is a prime mover behind a push for a new local sales tax to finance transit and highway projects.

But the depth of our transportation crisis is such that it is going to take everything we can muster locally plus continued strong support from the federal government to solve it. That point has been underscored by the Bay Area Poll, an annual survey of public opinion sponsored by the Bay Area Council, a research and advocacy group sponsored by the Bay Area's business and industry. For each of the past three years, the poll has named transportation the number one concern of local residents, above such pressing issues as unemployment, housing and crime.

In closing, I would like to point out that the Bay Area is a microcosm of the nation. We encompass both densely developed urban cores and picturesque rural agricultural lands; nearly every conceivable transit mode, including buses, trolley coaches, light rail, heavy rapid rail, conventional ferries and high-speed catamarans; old, well-established transit systems that have been in existence for upwards of 100 years and new, state-of-the art transit systems that are just getting off the ground. Our modal and geographic diversity means that every federal transit aid program now in place is of vital significance to us, including the Section 9 formula grants that provide operating subsidies to urban transit operators; the Section 18 formula grants for rural transit operators; and the Section 3 discretionary grants that are helping to pay for our rail extensions.

Which brings me to my final point. Under the budgets just passed by the Senate and under consideration in the House, some trimming of transit programs will be inevitable. As the members of the Appropriations Committee sharpen their scalpels, I would ask that you deal with the various transit programs in an equitable manner rather than taking the Administration's approach of targeting certain programs -- such as urban operating subsidies -- for major surgery.

The even-handed approach that has characterized the work of your committee will enable transit operators both in the Bay Area and across the nation to regroup and hopefully survive this difficult transition period.

METRO-DADE TRANSPORTATION ADMINISTRATION

STATEMENT OF JOSEPH M. FLETCHER, EXECUTIVE DIRECTOR, METRO-DADE TRANSPORTATION ADMINISTRATION

Senator ANDREWS. We will next hear from the Metro-Dade Transportation Administration, Mr. Joe Fletcher, executive director.

Good to have you here. Senator CHILES.

Senator CHILES. Thank you, Mr. Chairman. I would like to welcome Joe Fletcher who is executive director of the Metro-Dade Transportation Department.

As this committee well knows, Miami has had some difficulty in having its UMTA funding released, the funding provided for by this committee in 1984, 1985, and 1986.

Joe, we look forward to hearing your testimony today.

Mr. FLETCHER. Thank you. Thank you, Mr. Chairman.

It is my pleasure to appear before this committee to explain why it is essential to complete the Miami Metro Mover System as originally planned.

Mr. Chairman and members of the committee, I am urging you to support completion of the people mover system through Senate appropriations for the remaining \$73 million to assure complete Federal participation at a level of \$180 million.

As executive director of Metro-Dade Transportation Administration, I recently enjoyed the privilege of safety certifying the first automated people mover system in the country to operate in a downtown environment and to connect with a heavy rail system.

Metrorail interfaces with one downtown Metro Mover station at the present time and will serve two stations once the entire system is completed. Future connection at the Brickell Station between the two systems will greatly enhance transit opportunities for the entire metropolitan area.

As I recently testified before Congressman Lehman's Transportation Appropriations Subcommittee, in order for Metrorail to adequately serve the rapidly growing central business district, the complete Metro Mover System as originally conceived is needed to provide collector distributor services throughout the central urbanized area.

I must stress that when we think of the complete Metro Mover System, we mean the system as initially planned, which includes the loops around the central business district and the extensions to the Omni and Brickell areas.

As you know, we recently opened the downtown loop of the system and the response has been tremendous. Over 50,000 people rode the system during the first 3-day weekend celebration and our weekday average is about 12,500 riders. This was well above our original projections.

Most important, I believe, are the economic and social benefits the Metro Mover System has sparked in the community. Since 1982 when we began construction of the downtown loop, the central business dis-

trict has experienced a building boom with developments representing billions of dollars. Much of this new development and revitalization are dependent upon the people mover to provide the necessary access to support the expanded growth within the area.

We are very proud, Mr. Chairman, and members of the committee, that the downtown loop of the Metro Mover has been a complete success in terms of the initial patronage figure as well as the public's acceptance.

Firm critics of public transportation will most likely point out that buses could provide an equal service at a cheaper cost. A bus circulator system with a passenger load of 60 persons per bus in stop and go traffic would simply not be able to provide the same service level as Metro Mover in the terms of cost efficiency, passenger convenience, and service reliability.

The transportation literature is abundant with commentary and survey results indicating the public does not in general favor buses. They prefer manned and automated systems as an alternative to their private automobiles. There is significant disparity between ridership figures in the downtown loop of a Metro Mover and the past and present bus shuttle circulator routes into downtown Miami.

Daily Metro Mover riders number in the thousands, while the downtown shuttle routes we have tried to attract are extremely small in numbers of riders. I firmly believe that an efficient and a dependable bus system is an essential element of an integrated transportation system.

Metrobus provides effective service throughout the county, although traffic congestion in the downtown area creates serious problems. In Miami, a major investment has already been made in providing citizens a new beginning in an excellent mass transportation system.

I firmly believe that not completing the Metro Mover System at this time would be a serious mistake. Therefore, Mr. Chairman and members of this committee, on behalf of all the citizens of Dade County, I request that this committee take positive action in appropriating the remaining \$73 million needed to assure full Federal participation.

Senator ANDREWS. Thank you for an excellent statement.

Senator CHILES.

Senator CHILES. Thank you, Mr. Chairman.

Mr. Fletcher, last Wednesday we had Administrator Stanley from UMTA before the committee and I asked him the status of the negotiations with Miami; in particular, when the EIS would be completed.

He informed us that he expected the EIS would be completed by the end of the calendar year. He also mentioned some problems associated with local funding.

I understand that the \$60 million local share of the \$240 million cost of the Metro Mover leg extensions is covered by a \$30 million contribution from the State, a \$7 million contribution from the city of Miami, and a \$23 million contribution from the special taxing districts that will be established as of the 20th of this month.

Tell me about the special taxing districts. Is that going forward now?

Mr. FLETCHER. That is going forward, Senator. The first reading was held on May 1. The second reading which allows the Commission to put it into force takes place on May 20. We have the support of all of the private enterprise that will be served by this project and as you know, the city of Miami has put up their share and the State is committed also.

This takes care of the local commitment for this project.

Senator CHILES. Well, what can you tell us about the status of the EIS and the adequacy now of local funding required for the Metro Mover extensions?

Mr. FLETCHER. The EIS is on track. We are fast-tracking it. If you recall, we did do a preliminary EIS in 1981-82 which UMTA funded, unfortunately did not participate in. We will have the draft EIS completed by October 1 of this year and we hope to have the record of decision by the spring of 1987.

One critical factor that is dealing with the local match, and that is that we want to make sure that we have in place a local dedicated source for the operation not only of the people mover, but also public transit. So it is critical that that local source be in place before we really get into the people mover project.

Senator CHILES. When do you think that local source will be in place?

Mr. FLETCHER. We are looking forward to early 1987 to get into identifying what that dedicated source will be.

Senator CHILES. Tell me, from your standpoint, are we making progress toward getting an agreement between the county and UMTA?

Mr. FLETCHER. There are days we think we are making excellent progress and there are days we think we are going backward. At this point I do not believe there is any movement. Dade County has in Mr. Stanley's hands what we call a memo of agreement with an attached language for a full-funding contract that we believe both parties, if they are ready, willing, and wish to, can sit down and sign.

Senator CHILES. My understanding was that he said that he had sent some memorandum of agreement to Dade County. How do they differ?

Mr. FLETCHER. Well, there is a difference because, unfortunately, he really does not want to make a commitment on this memo of agreement and is requiring the county to make a very firm commitment to the project.

We feel at this point that the memo of agreement that we have sent up allows both parties to understand the situation and to agree to sign something in the near future.

Senator CHILES. But there has not been a definite meeting of the minds at this time?

Mr. FLETCHER. Not as of this point. After this hearing I hope to go over to UMTA and try to iron out an agreement.

Senator ANDREWS. Thank you very much.

[The statement follows:]

STATEMENT OF JOSEPH M. FLETCHER

IT IS MY PLEASURE TO APPEAR BEFORE THIS COMMITTEE TO EXPLAIN WHY IT IS ESSENTIAL TO COMPLETE THE MIAMI METROMOVER SYSTEM AS ORIGINALLY PLANNED. MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, I AM URGING YOU TO SUPPORT COMPLETION OF THE PEOPLE MOVER SYSTEM THROUGH SENATE APPROPRIATIONS FOR THE REMAINING \$73 MILLION TO ASSURE COMPLETE FEDERAL PARTICIPATION AT A LEVEL OF \$180 MILLION.

AS EXECUTIVE DIRECTOR OF THE METRO-DADE TRANSPORTATION ADMINISTRATION I RECENTLY ENJOYED THE PRIVILEGE OF SAFETY-CERTIFYING THE FIRST AUTOMATED PEOPLE MOVER SYSTEM IN THE COUNTRY TO OPERATE IN A DOWNTOWN ENVIRONMENT AND TO CONNECT WITH A HEAVY RAIL SYSTEM. METRO-DADE INTERFACES WITH ONE DOWNTOWN METROMOVER STATION AT THE PRESENT TIME AND IT WILL SERVE TWO STATIONS ONCE THE ENTIRE SYSTEM IS COMPLETED. THE FUTURE CONNECTION AT BRICKELL STATION BETWEEN THE TWO SYSTEMS WILL GREATLY ENHANCE TRANSIT OPPORTUNITIES FOR THE ENTIRE METROPOLITAN AREA.

AS I RECENTLY TESTIFIED BEFORE CONGRESSMAN LEHMAN'S TRANSPORTATION APPROPRIATIONS SUBCOMMITTEE, IN ORDER FOR METRO-DADE TO ADEQUATELY SERVE THE RAPIDLY GROWING CENTRAL BUSINESS DISTRICT, THE COMPLETE METROMOVER SYSTEM AS ORIGINALLY CONCEIVED IS NEEDED TO PROVIDE COLLECTOR-DISTRIBUTOR SERVICES THROUGHOUT THE CENTRAL URBANIZED AREA. I MUST STRESS THAT WHEN WE SPEAK OF THE COMPLETE METROMOVER SYSTEM WE MEAN THE SYSTEM AS INITIALLY PLANNED WHICH INCLUDES THE LOOP AROUND THE CENTRAL BUSINESS DISTRICT AND EXTENSIONS TO THE OMNI AND BRICKELL AREAS.

WE RECENTLY OPENED THE DOWNTOWN LOOP OF THE SYSTEM AND THE RESPONSE HAS BEEN TREMENDOUS. OVER 50,000 PEOPLE RODE THE SYSTEM DURING THE FIRST THREE-DAY WEEKEND CELEBRATION AND OUR WEEKDAY AVERAGE IS ABOUT 12,500 RIDERS. THIS IS WELL ABOVE OUR ORIGINAL PROJECTIONS OF 8,500 RIDERS PER DAY.

MOST IMPORTANT, I BELIEVE, ARE THE ECONOMIC AND SOCIAL BENEFITS THE METROMOVER SYSTEM HAS SPARKED IN THE COMMUNITY. SINCE 1982 WHEN WE BEGAN CONSTRUCTION OF THE DOWNTOWN LOOP, THE CENTRAL BUSINESS DISTRICT HAS EXPERIENCED A BUILDING BOOM WITH DEVELOPMENTS REPRESENTING BILLIONS OF DOLLARS. MUCH OF THIS NEW DEVELOPMENT AND REVITALIZATION DEPENDED UPON THE PEOPLE MOVER TO PROVIDE THE NECESSARY ACCESS TO SUPPORT EXPANDED GROWTH WITHIN THE AREA.

WE ARE VERY PROUD, MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, THAT THE DOWNTOWN LOOP OF METROMOVER HAS BEEN A COMPLETE SUCCESS IN TERMS OF INITIAL PATRONAGE FIGURES AS WELL AS PUBLIC ACCEPTANCE.

FIRM CRITICS OF PUBLIC TRANSPORTATION WILL MOST LIKELY POINT OUT THAT BUSES COULD PROVIDE AN EQUAL SERVICE AT A CHEAPER COST. A BUS CIRCULATOR SYSTEM WITH A PASSENGER LOAD OF 60 PERSONS PER BUS IN STOP AND GO TRAFFIC WOULD SIMPLY NOT BE ABLE TO PROVIDE THE SAME SERVICE LEVEL AS METROMOVER IN TERMS OF COST EFFICIENCY, PASSENGER CONVENIENCE AND SERVICE RELIABILITY.

TRANSPORTATION LITERATURE IS ABUNDANT WITH COMMENTARY AND SURVEY RESULTS INDICATING THAT THE PUBLIC DOES NOT, IN GENERAL, FAVOR BUSES. THEY PREFER MANNED OR AUTOMATED SYSTEMS AS AN ALTERNATIVE TO THEIR PRIVATE AUTOMOBILES. THERE IS A SIGNIFICANT DISPARITY BETWEEN RIDESHIP FIGURES ON THE DOWNTOWN LOOP OF METROMOVER AND THE PAST AND PRESENT BUS SHUTTLE/CIRCULATOR ROUTES IN DOWNTOWN MIAMI. DAILY METROMOVER RIDES NUMBER IN THE THOUSANDS WHILE ALL THE DOWNTOWN SHUTTLE ROUTES WE HAVE TRIED ATTRACT AN EXTREMELY SMALL NUMBER OF RIDERS.

I FIRMLY BELIEVE THAT AN EFFICIENT AND DEPENDABLE BUS SYSTEM IS AN ESSENTIAL ELEMENT OF AN INTEGRATED TRANSPORTATION SYSTEM. METROBUS PROVIDES EFFECTIVE SERVICE THROUGHOUT THE COUNTY ALTHOUGH TRAFFIC

CONGESTION IN THE DOWNTOWN AREA CREATES SERIOUS PROBLEMS. BUSES WHICH ARE ENTRAPPED IN CONGESTED DOWNTOWN AUTO TRAFFIC HAVE HIGH LABOR COSTS AND ESCALATING OPERATING EXPENSES. THEREFORE, I RESPECTFULLY SUBMIT TO YOU, MR. CHAIRMAN AND MEMBERS OF THIS COMMITTEE, THE MOST EFFECTIVE WAY TO IMPROVE CIRCULATION IN THE MIAMI CENTRAL BUSINESS DISTRICT IS TO COMPLETE THE METROMOVER SYSTEM SO THAT ITS FULL POTENTIAL AND EFFECTIVENESS CAN BE REALIZED.

IN MIAMI, A MAJOR INVESTMENT HAS ALREADY BEEN MADE IN PROVIDING THE CITIZENS A NEW BEGINNING IN EXCELLENT MASS TRANSIT SERVICES INCLUDING THE METRO RAIL SYSTEM, A RESTRUCTURED BUS SYSTEM FEEDING METRO RAIL AND THE METROMOVER SYSTEM WHICH COLLECTS AND DISTRIBUTES PATRONS IN THE CENTRAL BUSINESS DISTRICT.

GROWTH AND DISTRIBUTION PATTERNS INDICATE THE INCREASING IMPORTANCE OF THE OMNI AND BRICKELL AREAS AS INTEGRAL PARTS OF THE CBD. IT IS VITAL TO THE FUTURE INTERESTS OF DADE COUNTY THAT THESE AREAS BE MADE PART OF THE CBD, NOT ONLY PHILOSOPHICALLY BUT THROUGH A PHYSICAL CONNECTION THAT TRANSCENDS STREET TRAFFIC PROBLEMS.

I FIRMLY BELIEVE THAT NOT COMPLETING THE METROMOVER SYSTEM AT THIS TIME WOULD BE A SERIOUS MISTAKE. THEREFORE, MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, ON BEHALF OF ALL THE CITIZENS OF DADE COUNTY, I REQUEST THAT THIS COMMITTEE TAKE POSITIVE ACTION IN APPROPRIATING THE REMAINING \$73 MILLION NEEDED TO ASSURE FULL FEDERAL PARTICIPATION.

CONGRESSIONAL WITNESSES

STATEMENT OF HON. ALAN CRANSTON, U.S. SENATOR FROM CALIFORNIA

Senator ANDREWS. We will next hear from the Southern California Rapid Transit District and Mr. Nick Patsaouras.

Both Senator Cranston and Senator Wilson are here. Senators Wilson and Cranston, Mr. Patsaouras, and Mrs. Bacharach, it is good to have you here.

Senator CRANSTON. Mr. Chairman, I thank you for this opportunity to appear with my friend and colleague, Senator Wilson, and to come

before you in support of a project vital to the mobility and economic vitality of Los Angeles Metrorail.

I want you to know I look forward to this annual visit. For one thing, it gives me an opportunity to talk about a favorite subject, the economic growth of California. For another, it gives me a chance to congratulate you, Mr. Chairman, and members of the subcommittee, for some truly farsighted advocacy on behalf of mass transit in America.

You will hear this morning from some distinguished Californians. You have already heard from Robert Schroder, chairman of the Metropolitan Transportation Commission on behalf of bay area transit.

Let me introduce to you two of the key members of the transportation community in Los Angeles. Jacki Bacharach is a Rancho Palos Verdes Councilwoman who chairs both the Rapid Transit and the Rail Construction Committees of the Los Angeles County Transportation Commission.

Nick Patsaouras is president of the board of directors of the Southern California Rapid Transit District.

Senator Wilson and I are delighted to have them joining us this morning. I ask your favorable consideration of \$150 million in appropriations for fiscal year 1987 for the Los Angeles Metrorail project. L.A. County voters approved a 150-mile light- and heavy-rail system in 1980. Metrorail is the central component of that system. It implements the so-called centers concept in Los Angeles.

The plan envisions a string of high density population and employment centers, connected by a rapid transit system. Specifically, Metrorail will link the central business district with these centers in the Wilshire corridor in Hollywood and in the San Fernando Valley.

The Metrorail project is a necessary critical step in meeting the transportation needs of the burgeoning Los Angeles Basin. Instruments point to a population increase of at least 2 million in the Los Angeles area by the year 2000.

As the area continues to grow and the economy continues to grow, we simply must meet citizen needs to be able to travel to and from their jobs. Los Angeles is the center of the Pacific Rim market and economy. Public transportation is the key to the future.

To slow transportation in Los Angeles is to stifle economic growth, and to stifle economic growth in this major trade center is to harm economic growth in the Nation.

Mr. Chairman, this committee has been a friend of Metrorail. This support has been demonstrated yearly in the appropriations process. Last year's continuing resolution set forth full funding contract language. Last week, UMTA Administrator Ralph Stanley assured the subcommittee that he would execute a contract with Los Angeles very shortly. I know that with this continued favorable attention by the subcommittee and with continued strong oversight of UMTA on the full funding contract issue, Metrorail will become a reality.

For that, I thank you.

Senator ANDREWS. Thank you very much.
 Senator Wilson.

STATEMENT OF HON. PETE WILSON, U.S. SENATOR FROM CALIFORNIA

Senator WILSON. Thank you very much, Mr. Chairman. My able colleague has already introduced Jacki Bacharach and Nick Patsaouras, reintroduced them to you, and I think eloquently stated our case.

In the interest of your time, I will submit my statement for the record and just take a few moments to lend some points of emphasis.

I do not want to abbreviate, however, the praise that he has already extended to this committee, and specifically to you, Mr. Chairman. I think those who have followed the deliberations of this subcommittee know that you have had an extraordinarily difficult task.

It has not been an easy one, and it seems to us that you have more than met the challenge. The interest and attention that you have given to California projects in years past, I think, is particularly well understood by those of us here who know how difficult it has been and the tremendous challenge that you have faced in seeing to it that cost-effective and meritorious projects, however meritorious, be dealt with on an equitable basis.

We are grateful to you for the kind of leadership that you have exercised.

With regard to the need for this project, I do not think I need to really tell this committee about that. You have traveled to Los Angeles as well as to other parts of the country. You know of that need.

I would only add that virtually every population projection on a national and regional basis indicates that the trend that has long since begun is continuing. Indeed, the last Department of Commerce survey projecting population through the turn of the century indicated that by the turn of the century they anticipate that the city of Los Angeles will have become the most populous in the Nation, having overtaken even New York City.

In contrast to New York, Mr. Chairman, as you well know, Los Angeles does not have the kind of system of transportation that is essential to move people, separated at great distances, to and from work and other destinations of importance in their daily lives.

This first segment for which we are seeking additional funding is the beginning of the kind of system that will allow Los Angeles to accommodate that growth in a way that makes sense. Without it, I think the city will literally face strangulation.

The question is not whether it will grow but rather how it will grow, and ultimately decisive of that question is the element of transportation. We have already heard from Supervisor Schroder—rather, the committee has, I know. He has been eloquent on behalf of the needs of the Metropolitan Transportation Council in the bay area.

We are seeking the kind of funding, Mr. Chairman, that we think will allow Metrorail to begin on what is a desperately needed transportation system. We do thank you for the attention that you have given in

the past. I think it is significant that we are here this year, representing fewer communities. That is a tribute to the perspicacity of this committee. The other communities that we have represented in the past I know have not forgotten the work that this committee has done and the leadership that you have given.

We thank you.

Senator ANDREWS. Thank you very much, Senator Wilson and Senator Cranston, for those words of support and encouragement for what we have done.

Let me say that it has been made easier because of the eloquence of the two Senators from California as well as the merits of the case. Now, of course, the challenge is on Los Angeles to stay within the 5-minute rule.

Your 5 minutes has been used up in your eloquent introduction, but we want to hear from you, too, and I go back to an old friend of mine, John Rooney, who was my first subcommittee chairman on the Appropriations Committee some 20 years ago, who said the amount of funding we will be able to give you will be in inverse proportion to the length of time you take to talk about it. [Laughter.]

Having put that challenge out in front of you, let me assure you your total statements are in the record, but we would be glad to hear from you in addition.

Mr. Patsaouras, good to have you here.

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

STATEMENT OF NICK PATSAOURAS, DIRECTOR AND PRESIDENT

ACCOMPANIED BY JACKI BACHARACH, COMMISSIONER, LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Mr. PATSAOURAS. Thank you.

I will still take 30 seconds to express on behalf of the city of Los Angeles gratitude and appreciation for your continued support. Los Angeles is grateful that you are a champion for that project, and we are requesting \$150 million for fiscal year 1987 to build a safe, cost-effective, and efficient system.

Senator ANDREWS. Ralph Stanley has in hearings told this committee that you are only a narrow, narrow bit away from signing a full-funding contract.

Is that your estimate also?

Mr. PATSAOURAS. That is correct. We are very close. We are scheduled to meet May 21 with Mr. Stanley and hopefully will give a contract.

Senator ANDREWS. Good.

[The statement follows:]

STATEMENT OF NICK PATSAOURAS

MR. CHAIRMAN. MEMBERS OF THE SUBCOMMITTEE. THANK YOU VERY MUCH FOR THE OPPORTUNITY TO APPEAR BEFORE YOU. MY NAME IS NICK PATSAOURAS AND I AM PRESIDENT OF THE BOARD OF DIRECTORS OF THE SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT (SCRTD). AT LEAST 1.6 MILLION PASSENGERS RIDE SCRTD BUSES EACH WORKDAY, A 58 PERCENT INCREASE OVER THE LAST TEN YEARS. OUR HEAVILY CONGESTED SURFACE STREETS AND FREEWAYS SIMPLY CANNOT ACCOMMODATE CURRENT, MUCH LESS ANTICIPATED, TRANSPORTATION DEMAND. IN 1980, THE CITIZENS OF LOS ANGELES COUNTY APPROVED THE CONSTRUCTION OF A RAIL RAPID TRANSIT SYSTEM TO ADDRESS THE TRANSPORTATION CHALLENGES ACCOMPANYING OUR COUNTY'S PHENOMENAL GROWTH. THE METRO RAIL PROJECT IS THE HIGH-CAPACITY CENTRAL LINE OF THIS EVENTUAL SYSTEM. THE SCRTD WILL BUILD AND OPERATE METRO RAIL, WHICH IS THE SUBJECT OF MY TESTIMONY TODAY.

OFTEN CALLED THE "BACKBONE" OF THE 150-MILE SYSTEM THAT WAS DESCRIBED EARLIER, METRO RAIL WILL SERVE DIRECTLY THE WILSHIRE CORRIDOR -- THE TRANSPORTATION CORRIDOR WITH THE HIGHEST POPULATION AND EMPLOYMENT DENSITIES IN LOS ANGELES COUNTY. SIGNIFICANTLY, IT IS ALSO THE ONLY LINE IN THIS VOTER-APPROVED SYSTEM WHICH LOS ANGELES IS ASKING THE FEDERAL GOVERNMENT TO HELP FUND.

THE IMPORTANCE OF METRO RAIL TO THE CONTINUED ECONOMIC DEVELOPMENT AND MOBILITY OF LOS ANGELES AND THE STATE OF CALIFORNIA IS UNDERScoreD BY THE WILLINGNESS OF STATE AND LOCAL

OFFICIALS TO "OVERMATCH" FEDERAL CONSTRUCTION FUNDS. MAYOR TOM BRADLEY AND THE LOS ANGELES CITY COUNCIL STRONGLY SUPPORT THE PROJECT AND HAVE COMMITTED SIGNIFICANT CITY-CONTROLLED TRANSIT FUNDS TO METRO RAIL.

FURTHERMORE, THE STATE OF CALIFORNIA HAS PROGRAMMED \$400 MILLION FOR THE PROJECT. GOVERNOR GEORGE DEUKMEJIAN STATED, AND I QUOTE:

"METRO RAIL PROMISES TO IMPROVE MOBILITY IN LOS ANGELES, HELP RELIEVE TRAFFIC CONGESTION, AND ENHANCE ECONOMIC DEVELOPMENT ALONG ITS CORRIDOR. AFTER A THOROUGH REVIEW OF THE TECHNICAL MERITS OF THE PROJECT, WE ALSO WERE IMPRESSED BY THE WIDESPREAD SUPPORT METRO RAIL ENJOYS FROM LOCAL PUBLIC OFFICIALS AND COMMUNITY AND BUSINESS LEADERS IN LOS ANGELES."

THE LOS ANGELES COUNTY TRANSPORTATION COMMISSION HAS COMMITTED \$176 MILLION TO MATCH FEDERAL CONSTRUCTION FUNDS FOR THE FIRST PHASE OF METRO RAIL. THESE FUNDS COME FROM REVENUE GENERATED BY THE 1/2 PERCENT SALES TAX EARMARKED EXCLUSIVELY FOR TRANSIT PURPOSES IN LOS ANGELES COUNTY. COUNTY VOTERS ESTABLISHED THIS LONG-TERM, STABLE SOURCE OF REVENUE WHEN THEY APPROVED THE CONSTRUCTION OF A RAIL RAPID TRANSIT SYSTEM IN 1980.

THE BUSINESS COMMUNITY WILL CONTRIBUTE SOME \$130 MILLION THROUGH AN INNOVATIVE BENEFIT ASSESSMENT PROCESS. IN FACT, THE ASSESSMENTS FOR BUILDINGS IN THE CENTRAL BUSINESS DISTRICT HAVE ALREADY BEEN CALCULATED AND APPROVED BY THE LOS ANGELES CITY COUNCIL. IN ADDITION, THE SCRTD HAS ALREADY ENACTED THE REQUIRED

LOCAL ORDINANCES TO IMPLEMENT THEM. WHEN COUPLED WITH OTHER LOCALLY-CONTROLLED FUNDS WHICH HAVE BEEN PLEDGED, THE NON-FEDERAL SHARE FOR METRO RAIL WILL APPROACH 50 PERCENT OF THE COSTS, GREATLY EXCEEDING THE 25 PERCENT REQUIRED BY LAW. THIS EXTRAORDINARY LOCAL COMMITMENT MAKES THE PROJECT AN EVEN MORE COST-EFFECTIVE USE OF FEDERAL FUNDS.

SPECIFICALLY, THE SCRTD HAS ASKED UMTA TO FUND ONLY 48 PERCENT OF THE COST OF THE FIRST PHASE OF METRO RAIL, KNOWN AS MINIMUM OPERABLE SEGMENT-1 (MOS-1), FROM SECTION 3 DISCRETIONARY DOLLARS. MOS-1 INCLUDES THE RAIL YARD AND MAINTENANCE SHOPS FOR THE ENTIRE LINE, AS WELL AS THE FIRST FIVE STATIONS. THE SCRTD COMPLETED ALL ENVIRONMENTAL DOCUMENTS RELATIVE TO THIS FIRST SEGMENT IN NOVEMBER, 1984. CONSTRUCTION WILL BEGIN SHORTLY AFTER THE SUCCESSFUL NEGOTIATION AND APPROVAL BY UMTA OF A FEDERAL FULL FUNDING CONTRACT, WHICH WAS REQUIRED BY HOUSE JOINT RESOLUTION (H.J. RES.) 465, SIGNED BY THE PRESIDENT LAST YEAR.

THIS LEGISLATION REQUIRED THE FULL-FUNDING CONTRACT NEGOTIATIONS TO BE CONCLUDED BY MID-MARCH, 1985. UNFORTUNATELY, SO FAR, UMTA HAS NOT NEGOTIATED A CONTRACT TO COMPLETION AS REQUIRED BY THE LAW. AFTER 88 DAYS OF THE 90 DAY NEGOTIATION PERIOD HAD ELAPSED, UMTA STILL HAD NOT DRAFTED AND PRESENTED TO THE SCRTD A FULL-FUNDING CONTRACT. CONSEQUENTLY, THE SCRTD DRAFTED A PROPOSED CONTRACT AND MET WITH UMTA OFFICIALS TO DISCUSS ITS PROVISIONS. AFTER SOME INITIAL PROGRESS, THE SECRETARY OF TRANSPORTATION SUSPENDED NEGOTIATIONS.

IRONICALLY, THE CONGRESS HAS ALREADY APPROVED TWO-THIRDS OF THE FEDERAL SHARE OF THE COST OF MOS-1. SPECIFICALLY, UMTA HAS ALREADY RELEASED \$176 MILLION IN GRANTS FOR DESIGN AND ENGINEERING, AND PRE-CONSTRUCTION ACTIVITIES. SO FAR, THE AGENCY HAS REFUSED TO RELEASE AN ADDITIONAL \$129 MILLION IN FY 1984 AND 1985 CONSTRUCTION MONEYS -- AN ACTION WHICH THE GENERAL ACCOUNTING OFFICE RECENTLY LABELED "IMPERMISSIBLE REIMPOUNDMENT." FURTHERMORE, FOR FY 1986 THE CONGRESS APPROVED \$101 MILLION, WHICH WAS SUBSEQUENTLY REDUCED TO \$96.6 MILLION UNDER GRAMM/RUDMAN/HOLLINGS SEQUESTRATION. THE CONGRESSIONAL CLOCK ON THE ADMINISTRATION'S PROPOSED RESCISSION OF THESE FUNDS EXPIRED APRIL 15TH. THEREFORE, IN TOTAL, THE CONGRESS HAS ALREADY APPROVED \$401.6 MILLION, APPROXIMATELY TWO-THIRDS OF THE TOTAL SECTION 3 SHARE OF \$605.3 MILLION OF THE COST OF MOS-1.

THE LEADERSHIP EXHIBITED BY THE MEMBERS OF THIS SUBCOMMITTEE HAS BROUGHT METRO RAIL TO THIS ADVANCED STAGE OF CONSTRUCTION READINESS. I URGE YOU TO HELP US BEGIN CONSTRUCTIONS AS SOON AS POSSIBLE ON THIS VITALLY-NEEDED PROJECT. WITH AN FY 1987 ALLOCATION OF \$150 MILLION IN SECTION 3 FUNDS FOR MOS-1, I REMAIN CONFIDENT THAT LOS ANGELES CAN BUILD AND OPERATE A RAPID TRANSIT SYSTEM WHICH IS FAST, SAFE, EFFICIENT AND COST-EFFECTIVE. THANK YOU.

STATEMENT OF JUDI BACHARACH

Senator ANDREWS. Ms. Bacharach.

Ms. BACHARACH. Thank you, Mr. Chairman.

I am here on behalf of the commission to not only reiterate our strong support for Metrorail, but also to ask for your continuing partnership in section 9 and section 3 programs, keeping them at current levels.

Senators Wilson and Cranston explained the tremendous growth in Los Angeles and we will need continued operation of section 9 program and also the new start program in section 3.

We have made a strong local commitment. We have broken ground on our light rail line. We are ready to work in partnership in negotiating in good faith and we look forward to your continued support.

We ask if our negotiations do break down this year that you include in the 1987 language that our money be released unconditionally so that we can move on and begin this project.

Thank you.

Senator ANDREWS. Thank you very much. That is an excellent suggestion.

I thank my colleagues. Thank you for coming, and good to see you.

Senator CRANSTON. Please note that we were very short. We should get a lot of money as a result.

Senator ANDREWS. We laid the challenge out and your constituents performed admirably, let me say.

[The statement follows:]

STATEMENT OF JACKI BACHARACH

Good afternoon. My name is Jacki Bacharach, Councilwoman from the City of Rancho Palos Verdes, and also a Commissioner of the Los Angeles County Transportation Commission (LACTC). I am here today on behalf of the Commission to reiterate our strong support for the extension of the existing federal transportation programs and, in particular, for the continuation of federal support for the Los Angeles Metro Rail Project. Before discussing our support for Metro Rail, however, I would like to present a brief bit of background on the Commission's role in bringing mass transit to Los Angeles County.

Los Angeles County Transportation Commission

The Los Angeles County Transportation Commission is an independent agency created by the California Legislature in 1976. The Commission is charged with coordinating and establishing transportation policy and priorities for the county through the allocation of available federal, state and local funds. As an agency, the Commission serves to bring together elected officials from the county's major local jurisdictions in order to resolve long-standing transportation problems and to plan for the future transportation needs of the area. Thus, the Commission is the catalyst for a balanced and comprehensive approach to highway and transit development in the county.

Proposition A

An indication of our county's commitment to transportation is evident by the 1980 passage of Proposition A, the 1/2 percent sales tax increase for the financing of local transit programs. Specifically, Proposition A revenues are dedicated to three programs: reduced bus fares, local transit improvements, and the construction of a rail rapid transit system. This ballot initiative directed the Commission to construct the rail system as expeditiously as possible. The 1/2 percent sales tax increase generates more than \$300 million annually. Of this amount, 35 percent is dedicated to rail transit development. An additional 25 percent of the Proposition A sales tax increase is returned to the cities and the county for local transit programs and 40 percent of the total is allocated at the LACTC's discretion for transit needs.

The Need for Continued Federal Funding of Transit Programs

Although Los Angeles County has taken a lead in generating local financial support for transportation programs in our area, the funds we receive from the Proposition A sales tax increase can only be stretched so far. At best, federal transit programs still face an uncertain future. Due to funding cuts in federal transit programs, cities of Los Angeles County, as well as the county government, working in concert with private enterprise, have assumed a greater financial role in the funding of transit projects. Nevertheless, it is clear that a strong federal funding commitment continues to be necessary in order for our area to meet its burgeoning transportation needs. Thus, it is imperative that Congress recognize the role the federal government must play as a member of the transportation funding partnership. It is only through this partnership of federal, state and local interests that Los Angeles County will be able to meet the transit challenge that lies ahead.

Specifically, we ask that federal participation in transit funding include, at a minimum, the extension of the UMTA Section 9 program at an annual level of \$2 billion. This level of funding, which reflects the amount appropriated in fiscal year 1986, will allow operators in our area to continue to effectively serve the public through our existing bus system. As adequate transit service is clearly in the public and national interest, it is essential that the federal government continue to assist transit operators in meeting their capital and operating needs. If federal funding reductions in transit programs continue to occur, the likely result will either be higher fares or a reduction in services. However, even with this level of funding, long-term needs will be difficult to address.

Our future transit needs dictate that we must expand on the current transit system in Los Angeles to provide for the increasing mobility demands of a growing population. Los Angeles County has determined, therefore, that the current and future transit needs of our area will best be served through the construction of a rapid transit system, using both bus and rail, to augment the present bus service.

In this regard, the adequate funding of the Section 3 program is extremely important to Los Angeles County's ability to meet our area's growing transit needs. As the subcommittee is aware, the Congressional Budget Office has estimated that the cash balance in the mass transit account, currently \$3 billion for fiscal year 1986, could reach \$5.6 billion by the end of 1991. Using this forecast, it is projected that the mass transit account could support an annual authorization level of \$1.9 billion over the next five years. This level of funding, which is significantly higher than the currently authorized \$1.1 billion, could go a longway toward enhancing bus and rail modernization and providing "New Start" rail funding opportunities nationwide. With regard to the latter, we urge Congress to appropriate a minimum of 40 percent of the mass transit account for "New Start" rail projects in FY 1987.

Finally, up to this point, I have only shared the Commission's concerns regarding the FY 1987 appropriations for transit programs. I would like to briefly mention the Commission's strong support for the federal highway programs. Specifically, the Commission supports the continuation of the 85 percent minimum allocation program, as it is currently structured. California received \$11.9 million through this program in FY 1986 and a reduction or restructuring of the 85 percent program could result in significant delays to non-interstate projects in the state. In addition, we support the full funding of the highway obligational authority from the highway trust fund. As you know, the Congressional Budget Office has estimated that the trust fund could easily support an annual highway obligation ceiling of \$15 billion for the next four fiscal years. Yet, indications are that this program will continue to be funded at levels below that amount, thereby unnecessarily tying up funds which could be expended on sorely needed highway projects and, thus, raising the ultimate cost of construction for these projects.

The Los Angeles County Rail Rapid Transit System

Now, I would like to describe briefly the progress Los Angeles County has made toward the construction of a rail rapid transit system. The rail rapid transit plan approved for development by Los Angeles County voters in 1980, is a 150-mile rail system of 13 high-priority corridors. The first two lines slated for construction in the plan are the Metro Rail Project, a heavy rail line, and the Long Beach-Los Angeles Rail Transit Project,

a light rail line. Indeed, the Long Beach-Los Angeles line is already under construction and will be completely financed by locally generated Proposition A funds. In addition, work has begun on the Century Freeway/Transitway project, which will place light rail in the median of the new freeway. This transit line will share the freeway with one carpool lane and three regular traffic lanes on either side and will also be funded through Proposition A. Together, the Long Beach-Los Angeles and Century Freeway transit lines total 40 miles of light rail construction paid for entirely by local funds. The remaining corridors in the voter-approved system are in various stages of analysis by the Commission.

At this point it is important to note that even though a great percentage of the Los Angeles rail system will be funded at the local level, we cannot do it alone. Due to the extensive requirements inherent in the construction of a heavy rail line, the Metro Rail Project will require some federal assistance. In view of the more than ten years of federal involvement in the planning and design of this project, we believe federal financial participation is entirely appropriate. The following details why the Metro Rail Project is so important to the entire rail system in Los Angeles County.

The Los Angeles Metro Rail Project

The Los Angeles Metro Rail Project represents an extraordinary public/private partnership for the construction of a local transit project. The Commission has programmed \$412 million toward Metro Rail construction and the area's business community, working through the creation of benefit assessment districts, will generate \$170 million in private funds for the rail line. On the state level, the California Transportation Commission has slated \$400 million for Metro Rail. Together, these commitments, along with the use of Section 9 funds, will finance over 50 percent of the cost of MOS-1, the first 4-mile segment of the Metro Rail Project. This means that the Los Angeles area will supply twice the amount of funds required under the Surface Transportation Assistance Act of 1982 to support the initial construction of this rail line. At this juncture in the project's history, it is crucial that this public/private partnership remain intact with continued federal participation in, and support of the project.

The Commission believes that the expeditious construction of Metro Rail, based on a certain and equitable financing arrangement, is vital to the future development of the county's entire rail system. The Metro Rail line will be the most heavily used portion of the Los Angeles County system. Decades of studies have consistently indicated that this corridor will need a high-capacity rapid transit system to meet ridership demand. Estimates indicate that over 300,000 people will rely on Metro Rail each day. This demand can only be met by a rapid transit line fully grade separated from the traffic flow. Accordingly, Metro Rail is designed (1) to meet an ever-increasing demand for transit services, (2) to alleviate current and future pressure on the presently overburdened transportation corridor, and (3) to provide an essential link for an integrated rail system in Los Angeles County.

The need for a rail system which includes the high-capacity Metro Rail component is even more crucial in light of recent population growth projections for Los Angeles County. According to the U.S. Bureau of Census, by the turn of the century the Los Angeles area can expect to exceed its current population by an additional 3 million people. Although SCRTD bus ridership has increased by over 230 percent in the last ten years (1.6 million

riders each work day), most of the current population of our county continues to travel by car. In order to keep pace with the projected population growth, it is estimated that Los Angeles would need to add 300 more buses in the downtown area during peak hours, which would further exacerbate the city's gridlock problems. A viable, cost-effective rail rapid transit system -- represented by the voter-approved Proposition A plan -- is needed in Los Angeles now, and such a system will be an absolute necessity by the year 2000.

Conclusion

In summary, the Los Angeles County Transportation Commission strongly supports the continuation of federal support for the programs administered by the Department of Transportation. In addition, we are committed to the construction of a comprehensive rail system in Los Angeles County. The Metro Rail line is an important element toward the development of rapid transit in our area. The timing of construction of the entire system is directly dependent upon the level and certainty of federal funding for Metro Rail. We urge the subcommittee to ensure that the Department of Transportation, through the Urban Mass Transportation Administration, fulfills congressional intent by continuing to fund the Metro Rail Project.

Again, Mr. Chairman, I wish to thank you for giving me this opportunity to share the Commission's position with the subcommittee.

PORT AUTHORITY OF ALLEGHENY COUNTY

STATEMENT OF WILLIAM W. MILLAR, EXECUTIVE DIRECTOR

ACCOMPANIED BY JIM BARTHON, MANAGER OF GRANTS AND GOVERNMENT RELATIONS

Senator ANDREWS. Our next witness will be Mr. William Millar, the executive director of the Port Authority of Allegheny County.

Let me say that Senator Specter has expressed his regrets that he could not be here to introduce you.

Mr. MILLAR. Good morning, Mr. Chairman, and thank you for the opportunity to be here.

With me today is Jim Barthon, our manager of Grants and Government Relations at Port Authority.

Following on the heels of New York and Los Angeles and Chicago, my requests are really rather modest. In fact, today, I am really here, while I have three main points that I wish to make, as much as anything to thank you and the work of this committee which has enabled us in Pittsburgh to really do a marvelous job, I think, in rebuilding a lot of our transit infrastructure.

We are most appreciative of your willingness to come out to Pittsburgh a couple of months ago and take a look at some of our projects. We do appreciate that very much.

Really, there are three main points that I wish to make this morning.

First, we hope that the committee will consider freezing the 1987 appropriations or providing 1987 appropriations at, at least the level of 1986.

Second, we think the continuation of operating assistance is absolutely essential, including operating assistance for the large transit properties such as we have in Pittsburgh.

Third, we believe that any cutback in either the capital or operating programs will really result in the elimination of projects all over the country and I know in Pittsburgh in particular, of projects and activities that are designed to preserve transit service and also to preserve and build on the previous Federal transit investments. I think that is absolutely essential.

I know that had Senator Specter been able to join us, he would have shared with me in those thoughts, as he has been instrumental in helping us make these improvements.

Specifically, talking about operating assistance for a moment, of course the administration proposal is to eliminate operating assistance. That could only mean further fare hikes, service cuts, and ultimately the elimination of jobs. We think that this is most unfortunate.

Also in Allegheny County, besides the fear of losing operating assistance, our local share of money comes through Allegheny County and we understand that there is a proposal to eliminate Federal revenue sharing. About \$12 million of the money that the county gives us comes through Federal revenue sharing, so we would be looking at something like a \$22 million cut in a single year.

There is simply no way to make that up through any kind of combination of cuts or fare hikes. That would really put us in a bind.

Turning to the capital area for a moment, I think there are two major issues here that we wish to address.

First, when the section 9 capital block grant was enacted into law, it was projected and analyzed and it was assumed that it would basically cover the routine needs of transit authorities such as ours. For example, the annual need for the 60 to 70 buses that we must purchase.

However, with the cuts that have been taken in the section 9 block grant over the last couple of years, we find, for example, in our current fiscal year that for some 21 million dollars' worth of transit needs, we are going to have \$15 million to meet those needs and frankly we do not know how we are going to do it.

It can only lead to aging of the fleet and to the elimination of projects needed to protect the investment that is already there.

Second in the area of capital is the matter of the section 3 program, and again like so many others before us, we certainly hope that the full proceeds of the gas tax can be made available for the capital improvements, as was promised when it was passed in 1982.

Finally, we recognize that in Washington, deficit reduction is the big talk of the day and Gramm-Rudman is on everybody's mind, and I again just want to emphasize points that I know have been made before but I think are worth making again, and that is that transit has really contributed to the deficit reduction over the years and that transit, just like highways, just like waterways, like so many of the others of the Nation's infrastructure needs, really in the long run are investments; they are not just outflows of money with no repay.

So with that, Mr. Chairman, I again would like to thank you for the opportunity to be here and will be happy to answer any questions you might have.

Senator ANDREWS. Thank you very much for an excellent statement.

You mentioned the loss of revenue sharing. Besides that, of course, budget resolutions before Congress call, as I mentioned before to previous witnesses, for operating assistance cuts of anywhere from 10 to 20 percent. That would be a \$1 to \$2 million cut for PAT.

How could you respond to that kind of cut?

Mr. MILLAR. Well, that kind of cut, if it were a one-time only thing and we had never had any cuts, maybe would be tolerable. But I think the reality of it is our base fare is already \$1, one of the highest in the Nation. That kind of cut can only force the base fare up even higher or result in service cuts.

Last year we unfortunately had to cut our service by about 6 percent. That is on top of some 7-percent cuts from previous years. And our employment at PAT is down by some 300 jobs.

So I think, while it might be appealing to some to look and say well, it is only a 20-percent cut, I think you have to put that in context, and the context at least in Pittsburgh is it would mean higher fares and less service for the people.

Senator ANDREWS. With a \$1 fare, what percent of return do you get from the fare box?

Mr. MILLAR. We recover a little over 50 percent. It will probably be 51 or 52 percent out of the fare box this year, which is one of the highest in the Nation and something we are very proud of.

Senator ANDREWS. Thank you very much for an excellent statement and for your response to our questions.

[The statement follows:]

STATEMENT OF WILLIAM W. MILLAR

MR. CHAIRMAN, IT IS INDEED A PLEASURE AND HONOR FOR ME TO APPEAR THIS MORNING BEFORE THIS COMMITTEE AND I THANK YOU FOR THE OPPORTUNITY TO DO SO. MY NAME IS WILLIAM W. MILLAR. I AM THE EXECUTIVE DIRECTOR OF THE PORT AUTHORITY OF ALLEGHENY COUNTY WHICH IS THE PRINCIPAL MASS TRANSIT SYSTEM SERVING THE PITTSBURGH, PA URBANIZED AREA.

I WANT TO COMMEND AND THANK YOU FOR HOLDING THESE HEARINGS. I AM ESPECIALLY PLEASED TO APPEAR BEFORE A SUBCOMMITTEE WHOSE CHAIRMAN RECENTLY VISITED PITTSBURGH TO VIEW FIRSTHAND THE TRANSPORTATION SYSTEM IN ALLEGHENY COUNTY. I WOULD ALSO LIKE TO THANK SENATOR ARLEN SPECTER, THE DISTINGUISHED SENATOR FROM PENNSYLVANIA AND APPROPRIATIONS COMMITTEE MEMBER, FOR BEING HERE TODAY. HE HAS CONTINUALLY SHOWN HIS STRONG SUPPORT OF PUBLIC TRANSPORTATION AND WE THANK HIM FOR IT. I AM HOPEFUL THAT MY PERSPECTIVES WILL ASSIST THE COMMITTEE AS IT CONSIDERS APPROPRIATION LEVELS TO CONTINUE A MEANINGFUL FEDERAL ROLE IN FINANCING THE NATION'S PUBLIC TRANSPORTATION SYSTEMS.

THE PORT AUTHORITY -- WHICH LOCAL RESIDENTS KNOW SIMPLY AS "PAT" -- OWNS AND OPERATES SOME 900 BUSES, 90 STREETCARS AND LIGHT RAIL TRANSIT VEHICLES, TWO INCLINED PLANES AND ONE COMMUTER TRAIN TO SERVE A POPULATION OF NEARLY 1.5 MILLION PERSONS OVER 730 SQUARE MILES OF ALLEGHENY COUNTY AND PARTS OF ADJOINING COUNTIES. IN ADDITION, PAT CONTRACTS WITH 14 PRIVATE TAXI COMPANIES AND HUMAN SERVICE AGENCIES TO PROVIDE SPECIALIZED TRANSIT SERVICE FOR ELDERLY AND HANDICAPPED PERSONS KNOWN AS THE ACCESS SYSTEM. ON A TYPICAL WEEKDAY, ABOUT 300,000 TRANSIT RIDERS USE THE PAT SYSTEM TO TRAVEL TO AND FROM JOBS, TO SHOP AND ATTEND TO EDUCATIONAL, MEDICAL AND OTHER NEEDS.

THE PORT AUTHORITY ALSO OPERATES TWO ROADWAYS USED EXCLUSIVELY FOR TRANSIT -- THE SOUTH BUSWAY WHICH SERVES THE SOUTH HILLS SECTION OF ALLEGHENY COUNTY, AND THE MARTIN LUTHER KING, JR. EAST BUSWAY SERVING THE EASTERN SECTION OF ALLEGHENY COUNTY. THESE

HIGHLY SUCCESSFUL PROJECTS WERE 80% FEDERALLY FUNDED AND ARE THE ONLY FACILITIES OF THEIR TYPE IN THE COUNTRY. CURRENTLY, THEY SERVE ALMOST 50,000 TRANSIT RIDERS EVERY WEEKDAY.

A FEDERAL, STATE AND COUNTY PUBLIC TRANSIT PARTNERSHIP HAS ENABLED PAT TO MAKE SUBSTANTIAL CAPITAL IMPROVEMENTS FOR THE CITIZENS OF ALLEGHENY COUNTY INCLUDING MOST RECENTLY:

1. THE RECONSTRUCTION OF THE STAGE I SOUTH HILLS LIGHT RAIL TRANSIT SYSTEM INCLUDING THE DOWNTOWN SUBWAY KNOWN AS THE "T" WHICH HAS BEEN A TREMENDOUS SUCCESS SINCE ITS OPENING IN JULY 1985.
2. THE COMPLETION OF THE MARTIN LUTHER KING, JR. EAST BUSWAY, WHICH NOW CARRIES SOME 30,000 RIDERS DAILY AND HAS PROVEN TO BE AN UNQUALIFIED SUCCESS.
3. THE REHABILITATION OF THE HISTORIC 114-YEAR OLD MONONGAHELA INCLINE WHICH SINCE ITS REOPENING IS CARRYING ALMOST 1 MILLION PASSENGERS PER YEAR.
4. THE PLACEMENT IN SERVICE OF 410 NEW TRANSIT BUSES AS PART OF THE PENNSYLVANIA STATEWIDE BUS POOL PURCHASE.

THESE IMPROVEMENTS WOULD NOT HAVE BEEN POSSIBLE WITHOUT STRONG FEDERAL SUPPORT.

ANY FUTURE IMPROVEMENT IS NOW IN PERIL DUE TO THE ADMINISTRATION'S PROPOSED FY 1987 BUDGET WHICH CALLS FOR AN OVERALL REDUCTION IN THE FEDERAL MASS TRANSIT PROGRAM OF 67 PERCENT AND THE ELIMINATION OF FEDERAL OPERATING ASSISTANCE FOR LARGE URBAN AREAS. THUS, THE CURRENT PROGRAM OF \$4.0 BILLION A YEAR WOULD SHRINK TO \$1.2 BILLION AND WOULD BE FUNDED FROM THE PENNY GAS TAX THAT IS PAID INTO THE MASS TRANSIT ACCOUNT OF THE HIGHWAY TRUST FUND. THE ADMINISTRATION ALSO PROPOSES TO RESTRUCTURE THE TRANSIT PROGRAM BY MERGING IT WITH CERTAIN ELEMENTS OF THE FEDERAL HIGHWAY PROGRAM TO FORM AN URBAN MOBILITY BLOCK GRANT WHICH STATES AND LOCAL AREAS COULD USE TO FUND BOTH TRANSIT AND HIGHWAY PROJECTS. UNFORTUNATELY, SUFFICIENT FUNDING HAS NOT BEEN PROPOSED TO ADDRESS ADEQUATELY THE NATION'S URBAN HIGHWAY AND TRANSIT NEEDS.

I WOULD LIKE TO ADDRESS EACH OF THE ELEMENTS OF THE ADMINISTRATION'S PROPOSED TRANSIT BUDGET -- FIRST, LET ME SAY THAT WE RECOGNIZE THE NEED TO REDUCE THE FEDERAL BUDGET DEFICIT, HOWEVER, I WOULD POINT OUT THAT THE FEDERAL TRANSIT PROGRAMS HAVE ALREADY BEEN REDUCED BY OVER \$1 BILLION SINCE 1981 AND WHICH DOESN'T EVEN INCLUDE THE EXCESS FUNDS THAT THE 1¢ GASOLINE TAX IS GENERATING. THUS, TRANSIT HAS ALREADY CONTRIBUTED HEAVILY TO DEFICIT REDUCTION.

ELIMINATION OF FEDERAL OPERATING ASSISTANCE WOULD BE A SERIOUS BLOW TO THE PORT AUTHORITY AND TO ALL TRANSIT SYSTEMS ACROSS THE COMMONWEALTH OF PENNSYLVANIA. PAT CURRENTLY RECEIVES ABOUT \$10 MILLION A YEAR IN FEDERAL OPERATING ASSISTANCE OR APPROXIMATELY 7% OF ITS OPERATING BUDGET. THIS REPRESENTS A REDUCTION OF NEARLY 40 PERCENT SINCE FY 1981 WHEN FEDERAL OPERATING AID TO PAT PEAKED AT \$16 MILLION. SINCE THAT TIME, PAT HAS HAD TO RAISE FARES AND CUT SERVICE IN ORDER TO COPE WITH REDUCED FUNDING. IF FEDERAL OPERATING ASSISTANCE IS ELIMINATED, PAT, ONCE AGAIN, WILL BE FORCED TO RAISE FARES AND REDUCE SERVICE. A LOSS OF \$10 MILLION FROM PAT'S OPERATING BUDGET WOULD REQUIRE ONE OR A COMBINATION OF THE FOLLOWING ACTIONS:

1. AN INCREASE IN BASE FARE OF 25¢ FROM \$1.00 TO \$1.25. THIS IS NOT A PRACTICAL OPTION SINCE PAT ALREADY HAS ONE OF THE HIGHEST BASE FARES IN THE NATION. IT WOULD ALSO BE COUNTERPRODUCTIVE AS HIGHER FARES GENERALLY MEAN FEWER RIDERS.
2. A REDUCTION IN TRANSIT SERVICE BY ABOUT 10 PERCENT OR SOME 3 MILLION MILES OF SERVICE YEARLY AND THE LAYOFF OF 250 EMPLOYEES. THIS WOULD INCLUDE A REDUCTION IN THE SERVICE LEVELS OF THE ACCESS SYSTEM WHICH CARRIES OVER 100,000 ELDERLY AND HANDICAPPED RIDERS MONTHLY. IN AUGUST, 1985 PAT REDUCED SERVICE SYSTEM-WIDE BY AN AVERAGE 6 PERCENT WHICH WAS THE LARGEST SINGLE SERVICE CUT IN PAT'S HISTORY. FURTHER REDUCTIONS WOULD BE COUNTERPRODUCTIVE AND A HARDSHIP TO THE THOUSANDS OF RIDERS WHO DEPEND ON PAT DAILY.

AS YOU CAN SEE, THE LOSS OF OR SIGNIFICANT CUTS IN FEDERAL OPERATING AID WOULD FURTHER EXACERBATE PAT'S PRECARIOUS FINANCIAL CONDITION AND WOULD SERIOUSLY IMPAIR PAT'S ABILITY TO MAINTAIN CURRENT SERVICE LEVELS AT REASONABLE FARES.

MOREOVER, THE ADMINISTRATION'S BUDGET PROPOSAL CALLS FOR ELIMINATION OF FEDERAL REVENUE SHARING FUNDS WHICH GO TO STATE AND LOCAL GOVERNMENTS FOR VARIOUS PROGRAMS. THESE FUNDS ARE THE SOURCE OF \$12 MILLION OF THE \$17 MILLION WHICH ALLEGHENY COUNTY GRANTS TO THE PORT AUTHORITY FOR OPERATING PURPOSES EACH YEAR. THUS, PAT STANDS TO LOSE \$12 MILLION IF THE FEDERAL REVENUE SHARING PROGRAM IS ENDED. THERE IS NO PRACTICAL WAY FOR PAT TO MAKE UP A \$22 MILLION SHORTFALL IN A SINGLE YEAR IF BOTH THE REVENUE SHARING AND OPERATING ASSISTANCE PROGRAMS ARE TERMINATED. THEREFORE, I URGE THIS COMMITTEE TO MAINTAIN OPERATING ASSISTANCE AT THE LEVELS CONTAINED IN THE FY 1986 CONTINUING RESOLUTION.

I NOW WOULD LIKE TO DISCUSS THE IMPACTS OF THE ADMINISTRATION'S BUDGET PROPOSAL ON TRANSIT CAPITAL ASSISTANCE. AT PRESENT, FEDERAL MASS TRANSIT CAPITAL ASSISTANCE IS DISTRIBUTED FROM TWO PROGRAMS: THE SECTION 9 FORMULA GRANT PROGRAM WHICH IS DISTRIBUTED NATIONALLY TO ALL URBANIZED AREAS REGARDLESS OF NEED AND THE SECTION 3 DISCRETIONARY CAPITAL PROGRAM WHICH FUNDS MAJOR TRANSIT IMPROVEMENTS ACROSS THE NATION. UNDER THE ADMINISTRATION'S PROPOSED FY 1987 BUDGET, THE SECTION 3 PROGRAM WOULD BE TERMINATED, LEAVING \$1.2 BILLION NATIONALLY FOR MASS TRANSIT CAPITAL PROGRAMS DISTRIBUTED SOLELY BY FORMULA REGARDLESS OF NEED.

ELIMINATION OF THE SECTION 3 PROGRAM WOULD MEAN THAT PAT COULD NO LONGER UNDERTAKE MAJOR CAPITAL IMPROVEMENTS INCLUDING PLANNED PROJECTS SUCH AS THE SPINE LINE WHICH WOULD EXTEND OUR SUCCESSFUL LIGHT RAIL TRANSIT SYSTEM TO THE NORTH SIDE AND EASTWARD TO THE OAKLAND AND SQUIRREL HILL AREAS OF THE CITY OF PITTSBURGH; AN EXTENSION OF THE HIGHLY SUCCESSFUL MARTIN LUTHER KING, JR. EAST BUSWAY AND RECONSTRUCTION OF STAGE II OF THE SOUTH HILLS LIGHT RAIL TRANSIT PROJECT WHICH WOULD REBUILD THOSE PORTIONS OF THE TROLLEY SYSTEM NOT INCLUDED IN THE CURRENT LIGHT RAIL PROJECT.

ADDITIONALLY, MORE MODEST AND ROUTINE CAPITAL IMPROVEMENTS WOULD BECOME MORE DIFFICULT TO MAKE AS CAPITAL FUNDS WOULD BECOME MORE SCARCE. FOR EXAMPLE, PAT'S GARAGE REHABILITATION PROGRAM, ITS TROLLEY AND RAIL REHABILITATION PROGRAMS, BUS REPLACEMENTS AND IMPROVEMENTS TO PHYSICAL PLANT AND EQUIPMENT WOULD HAVE TO BE DEFERRED OR ELIMINATED AS A RESULT OF THE PROPOSED FUNDING CUTS. THE PREVIOUS FEDERAL INVESTMENTS THEY ARE DESIGNED TO PROTECT WOULD BE PLACED IN JEOPARDY. AGAIN, I URGE THIS COMMITTEE TO MAINTAIN SECTION 3 AND SECTION 9 CAPITAL ASSISTANCE AT LEAST AT THE LEVELS CONTAINED IN THE FY 1986 CONTINUING RESOLUTION.

I WOULD NOW LIKE TO COMMENT ON THE ADMINISTRATION'S PROPOSAL TO COMBINE THE TRANSIT AND HIGHWAY PROGRAMS INTO AN URBAN MOBILITY BLOCK GRANT. IN THEORY, THIS IS AN APPEALING CONCEPT. IT DOES MAKE SENSE THAT TRANSIT AND HIGHWAY NEEDS BE CONSIDERED IN THE BROADER CONTEXT OF AN AREA'S TRANSPORTATION NEEDS. HOWEVER, I AM CONCERNED THAT UNDER THE CURRENT PROPOSAL NEITHER PUBLIC TRANSIT NOR HIGHWAYS WOULD RECEIVE THE FUNDING REQUIRED IF OUR COUNTRY'S CITIES AND URBAN AREAS ARE TO REMAIN VIABLE. THE ADMINISTRATION'S PROPOSAL WOULD PROVIDE \$3.4 BILLION FOR BOTH URBAN TRANSIT AND HIGHWAYS IN FY 1987. THIS COMPARES TO \$4.0 BILLION FOR PUBLIC TRANSIT ALONE IN FY 1986. THIS IS NOT ENOUGH.

THERE HAVE ALSO BEEN DISCUSSIONS ABOUT USING A PORTION OF THE SECTION 3 DISCRETIONARY TRUST FUNDS TO AUGMENT THE SECTION 9 PROGRAM. I BELIEVE THE LONG-TERM GOAL MUST BE TO REMOVE TRANSIT FUNDING FROM GENERAL FUND REVENUES TO A STABLE PREDICTABLE FUNDING SOURCE SUCH AS A TRANSIT TRUST FUND. HOWEVER, SUCH A MOVE MUST INCLUDE ADEQUATE FUNDING AND CANNOT BE USED AS AN EXCUSE TO CUT NEEDED TRANSIT FUNDS.

I ALSO BELIEVE THAT THE FEDERAL TAX LAWS WHICH CURRENTLY PERMIT PUBLIC NON-PROFIT ENTITIES SUCH AS PAT TO ISSUE TAX-EXEMPT BONDS AND NOTES FOR CAPITAL FINANCING MUST BE CONTINUED. FOR EXAMPLE, PAT THROUGH THE USE OF ADVANCE CONSTRUCTION NOTES, WAS ABLE TO KEEP ITS STAGE I SOUTH HILLS LIGHT RAIL TRANSIT CONSTRUCTION ON AN UNINTERRUPTED SCHEDULE AND ELIMINATE MILLIONS OF DOLLARS OF

INCREASED COSTS TO THE FEDERAL GOVERNMENT THAT WOULD HAVE RESULTED FROM DELAYS AWAITING THE RECEIPT OF FEDERAL GRANT FUNDS.

PAT HAS BEEN EXPLORING THE POSSIBILITY OF UTILIZING GRANT ANTICIPATION NOTES (GANS) IN OUR SECTION 9 PROGRAM TO FURTHER REDUCE COSTS AND BETTER EXECUTE OUR PROGRAMS. WE STRONGLY SUPPORT THE CONCEPT OF MULTI-YEAR CONTRACTING UNDER BOTH THE SECTION 3 AND SECTION 9 PROGRAMS AND HAVE CONVEYED THAT TO THE SENATE SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS AS THEY CONSIDER IDEAS IN THE FORMATION OF A NEW REAUTHORIZING BILL. TAX-EXEMPT FINANCING HAS GIVEN PUBLIC TRANSPORTATION THE ABILITY TO SOFTEN SOME OF THE FUNDING CUTS THAT HAVE OCCURRED OVER THE YEARS. TO ELIMINATE THIS WOULD FURTHER COMPOUND THE SITUATION.

ALSO, THE RETENTION OF SAFE HARBOR LEASING TRANSACTIONS FOR PUBLIC TRANSPORTATION SHOULD BE A HIGH PRIORITY AS THEY PROVIDE A NEEDED SOURCE OF FUNDS WHILE ENCOURAGING PRIVATE SECTOR INVOLVEMENT IN PUBLIC TRANSIT.

IN CLOSING, IT MUST NOT BE FORGOTTEN THAT FEDERAL ASSISTANCE TO PUBLIC TRANSPORTATION, BOTH OPERATING AND CAPITAL, HAS MADE AN ENORMOUS CONTRIBUTION TO THE MOBILITY OF OUR CITIZENS AND TO THE ECONOMIC DEVELOPMENT AND VITALITY OF THE NATION. THIS ROLE AND COMMITMENT MUST BE MAINTAINED. WHILE COMMITTED TO REDUCING THE FEDERAL DEFICIT, PUBLIC TRANSPORTATION HAS INCURRED MORE THAN ITS FAIR SHARE IN BUDGET CUTS TO DATE. THEREFORE, IT IS IMPERATIVE THAT APPROPRIATIONS FOR FY 1987 BE ENACTED THAT MAINTAINS TRANSIT FUNDING AT LEAST AT THE LEVELS CONTAINED IN THE FY 1986 CONTINUING RESOLUTION --- IN ESSENCE A FREEZE --- AND RETAINS THE BROAD RANGE OF FEDERAL TRANSIT ASSISTANCE PROGRAMS --- OPERATING, CAPITAL, RESEARCH, PLANNING AND DEMONSTRATION.

THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY.
I WILL BE GLAD TO ANSWER ANY QUESTIONS YOU MAY HAVE.

CITY OF DENVER REGIONAL TRANSPORTATION DISTRICT

STATEMENT OF FEBERICO PENA, MAYOR, CITY OF DENVER

ACCOMPANIED BY:

REX JENNINGS, PRESIDENT, DENVER CHAMBER OF COMMERCE
 BILL ROURKE, CHAIRMAN OF THE BOARD, DENVER REGIONAL
 TRANSPORTATION DISTRICT
 ED COLBY, GENERAL MANAGER, DENVER REGIONAL
 TRANSPORTATION DISTRICT

Senator ANDREWS. We will next hear from the city of Denver, the Regional Transportation District. The mayor is here, Mayor Pena, and Rex Jennings, the president.

Mayor Pena, I appreciate your making the call to my hotel when I was out in Denver. That is great hospitality. I only wish that we could have made contact.

Mr. PENA. Mr. Chairman, I am sorry I couldn't get together with you when you were in Denver and we perhaps can do it later. But we do appreciate the time you have given us today. You are obviously on a very, very busy schedule.

I am not going to read my testimony. It has been submitted for the record.

Senator ANDREWS. It is going to be in the record in its every word, Mr. Mayor, and when you go back home you can say I uttered every last comma.

Mr. PENA. Mr. Chairman, I would like to, before I begin, introduce the gentlemen who are with me today. To my far left is Mr. Bill Rourke. He is chairman of the board of the Regional Transportation District. Next to Mr. Rourke is Mr. Rex Jennings, who is president of the Denver Metro Chamber of Commerce and I am going to give him a little time this morning to share his remarks on the business perspective.

To my right is Ed Colby, who is the general manager for the Regional Transportation District itself.

Mr. Chairman, you know from your visit to Denver that we have been working on developing a comprehensive plan to deal with our transportation problems in the Denver Metropolitan Area.

While we have done that, we have reached agreement on one very important part of that plan, and that is to construct an HOV bus lane that will connect downtown to Interstate 25 north into Adams County. This agreement was reached after much discussion throughout the community, getting the business community together, a number of governments that are involved in Adams County, et cetera, and we now have agreement on this first leg.

What we are here today, Mr. Chairman, is to request \$6.55 million. I was listening to the testimony of the other cities and those requests were rather extraordinary. We are here asking for \$6.55 million and it is going to be combined about with city dollars, about \$9 million, support from the State, and obviously support from RTD.

This request that we are making today would be the first leg of a 12-mile HOV bus lane which would go up the middle of I-25.

Senator ANDREWS. How much total local money will match that \$6.5 million?

Mr. PENA. From the city, \$9 million.

Senator ANDREWS. Anything from the State?

Mr. COLBY. It is a 50-percent match all the way through with State and RTD dollars.

Mr. PENA. \$22.8 million eventually over a 5-year period and from RTD about \$31.15 million. This is a 5-year project for the first phase of this proposal, Mr. Chairman.

I want to make just three points, very brief points.

First is the point of consensus. The fact that we have the Chamber of Commerce here today representing the business community—you have funding from the city, the State, RTD, and hopefully this committee—indicates that we do have broad support and everybody is pitching in.

Second, this is a very cost-effective proposal. We are very much aware of the budgetary constraints that you are facing, but this project for the price and the cost that is involved in the project will double peak capacity on I-25 for a cost which is less than constructing 1 mile of new highway.

So we think that is a cost-effective approach in dealing with at least this part of the transportation problem in the Denver metro area.

Third is air pollution. Mr. Chairman, you are probably aware because of your visit to Denver that we have an air pollution problem in Denver, and while we do not think this one proposal is going to eliminate our carbon monoxide problem, we think it will do a great deal to reduce air pollution in the metro area.

I want to give, now that I see the yellow light going on, Mr. Chairman, a minute here to Mr. Jennings, who is the president of the Chamber of Commerce, to present the business perspective in this approach.

[The statement follows:]

STATEMENT OF MAYOR FEDERICO PEÑA

SENATOR ANDREWS AND MEMBERS OF THE COMMITTEE, MY NAME IS FEDERICO PEÑA AND I AM THE MAYOR OF THE CITY AND COUNTY OF DENVER. IT IS MY PRIVILEGE TO APPEAR BEFORE YOU TODAY AND TO BRIEFLY DISCUSS SOME OF THE NEEDS OF THE DENVER METROPOLITAN AREA AND TO REQUEST A \$6.55 MILLION EARMARK FOR THE 1987 FEDERAL UMTA NEW START FUND. FOR SEVERAL YEARS, THE DENVER METROPOLITAN AREA HAS WORKED TO DEVELOP A REGION-WIDE MASS TRANSPORTATION PLAN WHICH WOULD ELICIT THE SUPPORT OF A BROAD RANGE OF INTERESTS IN THIS RAPIDLY GROWING AREA. A CONSENSUS HAS NOW COALESCED AROUND A SINGLE PROPOSAL, THE NORTH I-25 BUS/HOV LANES LINKING DOWNTOWN DENVER AND THE CITY'S NORTHERN SUBURBS. THE ATTACHED BROCHURE BEING DISTRIBUTED EXPLAINS THE PROPOSAL IN DETAIL, SO I WON'T TAKE YOUR VALUABLE TIME TO REITERATE ALL OF THE POINTS IT CONTAINS. THERE ARE, HOWEVER, SEVERAL ITEMS WHICH I WOULD LIKE TO HIGHLIGHT:

- I-25 NORTH CORRIDOR. THE ULTIMATE PROJECT WOULD EXTEND FROM DOWNTOWN DENVER ALONG 20TH STREET TO I-25 AND THEN NORTH TO 120TH AVENUE - A TOTAL OF 12 MILES. WE HAVE ALREADY BUILT 5 PARK-N-RIDES WHICH CURRENTLY SERVE THIS CORRIDOR. THE FIRST SEGMENT WOULD BE A STAND-ALONE PROJECT THAT WOULD EXTEND NORTH TO 58TH AVENUE.
- COMMUNITY SUPPORT. AS YOU CAN SEE FROM YOUR PACKET AND THE GROUP WHICH ACCOMPANIES ME HERE TODAY, THIS PROJECT HAS THE SUPPORT OF A DIVERSE CROSS SECTION OF PEOPLE FROM BOTH THE PUBLIC AND PRIVATE SECTORS. THE NEED FOR ADDITIONAL TRANSIT CAPACITY IN THIS CORRIDOR IS NOT A PARTISAN ISSUE. TO DEMONSTRATE TO YOU THE BREADTH OF THAT SUPPORT, I HAVE BROUGHT WITH ME TODAY: (INTRODUCES MEMBERS OF GROUP)

THE DENVER REGIONAL COUNCIL OF GOVERNMENTS, OF WHICH I AM A DIRECTOR, HAS ALSO SELECTED NORTH I-25 AS THE FIRST PRIORITY TRANSIT CORRIDOR IN ITS CAPACITY AS THE DESIGNATED METROPOLITAN PLANNING ORGANIZATION.

- BUDGET. THESE ARE DIFFICULT TIMES FOR ALL OF US. THE NEED TO ECONOMIZE IS SELF-EVIDENT. THE PROPOSAL WE BRING TO YOU TODAY IS A LOW-COST/HIGH-IMPACT PROJECT. USING UMTA'S OWN COST INDEX EVALUATION CRITERIA,

THIS PROJECT RANKS AS ONE OF THE MOST COST-EFFECTIVE IN THE NATION. IT COMBINES LOCAL FUNDS FROM THE CITY AND COUNTY OF DENVER, THE REGIONAL TRANSPORTATION DISTRICT AND THE COLORADO HIGHWAY DEPARTMENT WITH THE UMTA FUNDS WE SEEK FROM YOUR COMMITTEE.

UMTA ADMINISTRATOR, MR. STANLEY HAS STRESSED THE NEED FOR CITIES TO DEVELOP COST-EFFECTIVE SOLUTIONS TO PUBLIC TRANSPORTATION. THIS PROJECT WILL DOUBLE THE PEAK HOUR CAPACITY OF I-25 FOR LESS THAN IT COSTS TO BUILD ONE MILE OF NEW FREEWAY. WE CAN BUILD THIS PROJECT WITHOUT ACQUIRING ANY NEW RIGHT-OF-WAY - NO HOMES OR BUSINESSES WILL BE IMPACTED.

- AIR QUALITY. REGRETTABLY, ONE OF THE THINGS THAT HAS HELPED TO UNITE THE CITIZENS OF DENVER IS THE POOR QUALITY OF OUR AIR. THE DENVER METRO AREA HAS A SERIOUS CARBON MONOXIDE PROBLEM AND IS STRUGGLING TO ACHIEVE COMPLIANCE WITH FEDERAL STANDARDS BY 1987. I AM NOT SUGGESTING THAT THIS PROJECT ALONE WILL SOLVE OUR AIR QUALITY PROBLEM; IT WILL NOT. CARBON MONOXIDE EMISSIONS, HOWEVER, ARE PRODUCED ALMOST EXCLUSIVELY BY AUTOMOBILES. REDUCING VEHICLE MILES TRAVELED IS ESSENTIAL TO ANY SUCCESSFUL IMPROVEMENT STRATEGY. IT WOULD BE FOOLISH TO THINK THAT WE COULD ACHIEVE THIS OBJECTIVE WITHOUT VIABLE MASS TRANSIT. THE I-25 NORTH CORRIDOR PROJECT WILL DRAW COMMUTERS TO TRANSIT AND TO CARPOOLS BECAUSE THEIR COMMUTE WILL BE QUICKER THAN IF THEY TRAVELED ALONE. THE SHARE OF THE COMMUTER TRAVEL MARKET USING TRANSIT IN DENVER HAS BEEN STEADILY INCREASING FOR SEVERAL YEARS. TODAY, OVER 28 PERCENT OF ALL DOWNTOWN COMMUTERS ARRIVE BY TRANSIT. THIS PROJECT WILL HELP US INCREASE THE MARKET SHARE OF TRANSIT AND CARPOOLING AND PRODUCE TANGIBLE IMPROVEMENTS IN OUR AIR QUALITY.

SUMMARY

TO SUMMARIZE, WHAT WE ARE ASKING FOR TODAY IS YOUR SUPPORT FOR A \$6.55 MILLION EARMARK FOR FISCAL YEAR 1987 TO BEGIN CONSTRUCTION OF THE NORTH I-25 CORRIDOR BUS/HOV LANES. PHASE I CONSISTS OF BUILDING THE FIRST FIVE MILES OF WHAT WILL EVENTUALLY BE A 12-MILE CORRIDOR. THIS CONSTRUCTION CONSTITUTES A USEABLE

SEGMENT WHICH WILL PROVIDE SIGNIFICANT BENEFITS TO THE PUBLIC REGARDLESS OF THE FUTURE TIMING OF THE REMAINING CONSTRUCTION. WE WILL BE REQUESTING A TOTAL OF \$53.35 MILLION OVER FOUR YEARS TO COMPLETE THIS PHASE I PROJECT. OUR REQUEST ALSO INCLUDES MONEY NEEDED FOR THE ACQUISITION OF THE BUSES AND A BUS MAINTENANCE FACILITY NEEDED TO SUPPORT THE OPERATION OF THE COMPLETED BUS/HOV LANES. WE APPRECIATE THE TIME YOU AND YOUR STAFF HAVE SPENT REVIEWING OUR REQUEST. WE WOULD BE PLEASED TO ANSWER ANY QUESTIONS. THANK YOU.

STATEMENT OF REX JENNINGS

Mr. JENNINGS. Thank you, Mr. Chairman, members of the committee. The California delegation extended some well-deserved compliments to you, Mr. Chairman, and it reminded me that in my long years with the Denver Chamber of Commerce, I have been privileged to appear before this committee on a number of occasions and I am always impressed with the diligence and the tolerance and, more especially, the sense of humor with which you conduct these hearings. It is a pleasure to be back again.

Senator ANDREWS. You said all the right things. [Laughter.]

Mr. JENNINGS. I simply want to say amen to what our good mayor has presented with respect to this request. We, over the past couple of decades, have grown rapidly in the Metropolitan Denver area, and we really have been struggling for a mass transportation strategy and we think we are there. We think we are in agreement. The business community is enthusiastically in support of this concept. We are running behind. We need to get on with it, and we are here to ask you for your participation to enable us to get on with it, and we think it is a worthy project from every point of view.

Senator ANDREWS. Thank you very much. I appreciate your coming. [The statement follows:]

STATEMENT OF REX JENNINGS

I am pleased to appear before the Senate to ask your help in building the I-25 North Busway for metropolitan Denver. This busway project not only will facilitate mobility in our fast growing metropolitan area, but it is cost-effective and will improve air quality.

A sound infrastructure is crucial in any major metropolitan area, but particularly in a fast growing one. To ensure mobility, a key component of the infrastructure must be mass transportation.

As metropolitan Denver has grown in the past two decades, it has struggled to develop an appropriate mass transportation strategy. The I-25 North Busway proposal before you represents the first step in an overall regional plan. This project has the backing of virtually every segment of the community and for this reason alone it is important. The Denver Chamber of Commerce formally endorsed the I-25 North Busway on April 11, 1985.

The primary goal of this project is to increase mobility along Interstate 25 between downtown Denver and northern suburban communities. Because of the new busway lanes, capacity will be increased along this highway accomplishing the goal. The new dedicated lanes provide an incentive not only to ride public transportation, but because the lanes will be available to other vehicles with multiple passengers, it will promote and provide an incentive for ride-sharing.

Increased mobility will have a significant secondary impact for metropolitan Denver: an improvement in air quality. While our community has made tremendous strides to reduce air pollution, much remains to be done. Motor vehicles are the main culprit in Denver's air pollution, and this project helps in three ways: it reduces traffic congestion, increases transit ridership and increases ridesharing.

Significant funding for the project has been committed by the three local jurisdictions involved: the City of Denver, the Colorado Department of Highways, and the Regional Transportation District itself. These jurisdictions are providing over half of the funding, making this a cost-effective investment for UMTA.

Finally, the Busway represents flexibility. The transit corridor developed for the HOV/Bus lanes can be converted to use by other transit technologies in the future.

Metropolitan Denver's business community in general and the Denver Chamber of Commerce specifically, has long advocated and worked toward a sound transportation system. The I-25 North Busway project comes along at a critical juncture in our metropolitan area's development. It is an important step in meeting our transportation needs, but we need your help to bring it about.

The Denver Chamber of Commerce stand firmly behind this project and considers it an investment in the future of our community.

NOTRE DAME UNIVERSITY

STATEMENT OF WILLIAM B. BERRY

ACCOMPANIED BY KEITH KAHLE, ELECTROCOM AUTOMATION, INC.

Senator ANDREWS. Our next witnesses will be Dr. William Berry of Notre Dame University; and for ElectroCom Automation, Inc., Keith Kahle.

Let me assure you that your statements will be included in the record in their entirety. We appreciate your summarizing them as you see fit.

Dr. BERRY. Thank you very much, Mr. Chairman. We appreciate this opportunity to appear before you. We also appreciate the hard work the committee and its staff members have done for us in the past.

Keith Kahle is with me. Keith is the assistant to the vice president of ElectroCom Automation.

I am going to paraphrase my abbreviated statement so that maybe we will not quite reach your 2-minute or your 1-minute record, but at least maybe we can come close to the 2-minute one.

Let me present this as good news and bad news. The good news is that we are not here to request another appropriation. The bad news, or appropriately no news, is that we have no action on the appropriation that was made last year. As you recall, the appropriation was for \$2.5 million to complete the Cold Weather Transit Technology Program.

After the appropriation was made in December, we revised the work statement so that it would comply with the funding that was appropriated. Following that revision of the statement, we met with the Administrator of UMTA and discussed it thoroughly, the pros and cons of what we wanted to do, and then following that meeting we submitted an application for the funds.

We have had a reply, and the reply from the Administrator is that he intended first to review the program, I believe in compliance with the request that was made by Congress last year, and then to compete it.

We do not think that that is the intent or the will of Congress, and it would be wasteful of the talent that has been developed and the information that has been gathered by those who worked on the team to date, and it would delay significantly progress and perhaps even the results of obtaining the technology that we were trying to develop.

Therefore, we are here simply to request the committee do what it can to get our program back on the good news track.

Senator ANDREWS. Thank you very much.

Let me ask you if you have been asked for comments by the Transportation Systems Center as a part of their review of the program.

Dr. BERRY. We have not been asked for comments by them. I understand that they were conducting a review for the Department of Transportation. I am not quite certain whether that was the one that was requested by the Senate committee. I believe that it was. And I do not know whether or not they have completed their report at this date.

Senator ANDREWS. We understand that it is, but we appreciate your candor on that. Thank you very much for your appearance.

[The statement follows:]

STATEMENT OF WILLIAM B. BERRY

Thank you for the opportunity to appear before this committee on behalf of the Cold Weather Transit Technology Program. With me today are two representatives of ElectroCom Automation, Inc.: Keith Kahle, advisor to the President, and Charles H. Knodel, member of engineering staff.

I appeared before this committee approximately one year ago today and my statement is intended to appraise you of the progress this program has made over the past year in light of Congressional efforts. Lack of progress might be more descriptive since the program has not yet been reinstated through approval of our Application.

With the Committee's indulgence, permit me to review efforts toward renewal of the CWT program. On December 19, 1985, Congress through House Joint Resolution 465 for fiscal 1986, directed a line item expenditure of \$2.5M to "continue the existing Cold Weather Transit Technology Program". Since this \$2.5M was less than the original grant request, Notre Dame in cooperation with ElectroCom Automation, Inc. undertook a careful examination of the program and revised it to provide the maximum benefits that could be obtained within this funding limitation by focusing research results to implementable hardware development.

On January 29, 1986, we met with Mr. Ralph L. Stanley, the Administrator of UMTA and thoroughly reviewed this revised program. On February 26, 1986, the University of Notre Dame submitted to UMTA, an Application for UMTA assistance in the Cold Weather Transit Technology Program as appropriated. This Application addressed those items which have been of prime concern in recent years to the Transit Authorities and Industry; and it retained the benefits which would have been received from the program submitted in February, 1985.

Notre Dame believes this application fully complies with the intent of the House/Senate Action to continue this program to a meaningful conclusion, and seeks this committee's assistance in expediting its approval so work can be reinstated in time to assure testing objectives can be met during the winters of 1986-87, and 1987-88.

In response to the Application submitted (Attachment 1), UMTA has taken the position, that prior to extending this grant, a review of the Cold Weather Transit Technology Program is required and the program must then be put out for competitive bid. Neither of these requirements appear to be consistent with: 1) the will of the Congress, 2) the concept of a "continuing" grant program, and 3) the Transit interests where benefits would be delayed for at least a year if the program is not allowed to proceed now, so that active field testing can be conducted, during the winter months of 1986-87. Further, it is our understanding that the grant and review are independent activities and one should not impede the other. We have extended, as usual, the efforts provide the information required for the review as we have for earlier and regularly programmed reviews by both Congress and UMTA.

You will find attached a copy of my statement made last year (Attachment 2) which outlines the work to be accomplished, accomplishments to date, and a brief program history. In the interest of time, these will not be reviewed again but the following comments will attempt to show the required program modifications in order to stay within the appropriated funds.

Of the seven proposed tasks, only number 7, Catenary Power Distribution Systems Winterization has been dropped completely from the revised request. Three of the projects retain most of the objectives included in the original program. These are:

1. Third Rail Deicing by Radio Frequency Induction.
3. Local Ice and Frost Formation Prediction and Sensing.

5. Mechanical Ice Scraper System Design Improvements.

An evaluation of the remaining three projects indicate they can be reduced in scope and still result in significant final results. Therefore, we are proposing that they remain in the program at this reduced effort level but with full anticipation of achieving substantial portions of the goals outlined in the 1985 proposal. These projects include:

2. Elimination of Spurious Electromagnetic Noise Effects on Electronic Control.
4. Improved Ice Shedding Materials for Third Rails.
6. Track Switch Deicer Systems.

Notre Dame desires the record of achievements in the Cold Weather Transit Technology Program be continued to their ultimate conclusion through the approval of this February 26, 1986 grant request. We cannot comprehend any scenario which would provide equivalent benefits to transit operations by ignoring the foundation which has already been laid through extensive research and development work accomplished to date. To duplicate the knowledge and training which presently exists would be costly and wasteful of time, effort, and scarce funds. We, therefore, request that the Committee provide us with the necessary assistance to expedite the activation of the Cold Weather Transit Technology Program.

Mr. Chairman, again, we thank you for this opportunity.

[ATTACHMENT 1]

LETTER FROM RALPH L. STANLEY, ADMINISTRATOR, URBAN MASS TRANSPORTATION ADMINISTRATION

Mr. William B. Berry
CMTT Program Manager
Department of Electrical Engineering
University of Notre Dame
Notre Dame, Indiana 46556

MAR 26 1986

Dear Mr. Berry:

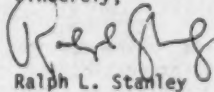
Thank you for your correspondence to Vice President Bush, Secretary Dole and me in which you enclosed copies of the grant application for continuation of your Cold Weather Transit Technology Program. The Vice President and the Secretary have asked that I respond directly to you. This application for \$2.5 million has been received by the Urban Mass Transportation Administration (UMTA).

I enjoyed meeting with you to discuss this program. As I stated, we do plan to expend funds for cold weather transit technology, but we will do so through full and open competition.

To comply with congressional guidance, I have asked the Transportation Systems Center (TSC) to evaluate the Cold Weather Transit Technology Program and to report to me the applicability of this technology to transit operations. Based on the results of that study, UMTA will secure a contractor to work toward providing cost-effective solutions to cold weather problems experienced by transit operators. When the request for proposals is issued, all interested parties will be welcomed to compete for award of a contract to perform the necessary work.

I hope this information is helpful.

Sincerely,



Ralph L. Stanley

[ATTACHMENT 2]

FISCAL YEAR 1986 STATEMENT OF WILLIAM B. BERRY

Thank you for the opportunity to appear before the committee. With me are: Dr. Walter J. Gajda, Notre Dame Technical Program Director; Robert S. Buzard, President and CEO of ElectroCom Automation, Inc.; and Keith Kahle, Advisor to the President.

My statement requests appropriations to reinstitute the Cold Weather Transit Technology Program.

This program has essentially stopped due to lack of continued funding despite the direction by Congress to the Department of Transportation/Urban Mass Transportation Administration last year.

Despite CWTP work cessation, two projects initiated by the program were continued by Transportation Agencies through the 84-85 winter period. These are the traction motor winterization modification on two cars of the Chicago Transit Authority and high energy efficient rail track switch deicing system of Amtrak at Niles, Michigan. Both of these programs continue to demonstrate outstanding performance and the merit of the CWTP Program.

In summary, this statement and its supporting documents seek the committee concurrence with this request for \$7.5 million through line item direction to DOT/UMTA in its 1986 Appropriations under Section 6, Research, Development and Demonstration Projects of the Urban Mass Transportation Act of 1964, as amended, and through funding from uncommitted Fiscal Year 1984 and 1985 UMTA Section 6 Appropriations.

In the following pages, work to be accomplished, accomplishments to date and a brief program history are presented.

Rationale:

Cold weather frost, ice and snow continue to impose hardship on those who must use or prefer mass transit for transportation to work or shopping. The resultant loss in productivity and commerce has serious impacts lowering the gross national product, and, more importantly, decreasing the competitive viability of some businesses in wintry weather affected areas.

The severe conditions which devastated areas of the nation's northern tier in the winters of 77-8 and 78-9 prompted efforts to find cost effective technological solutions for the woes which beset the transit authorities and were devastatingly reflected in the conduct of business. The Cold Weather Transit Technology Program has led in hardware development and improvement to meet these needs. The results were not white papers on trends in technology but hands-on, how to do it solutions.

History

In the Spring of 1979, Notre Dame joined with the Vought Corporation to propose a four year, \$20M, program for research and development of cold weather equipment for automated guideway systems in preparation for the downtown people mover (DPM) program. Congress appropriated funding, work commenced, and a series of reports resulted on complete hardware development in some areas of transit equipment operation and progress toward solutions in others.

In 1980, Congress appropriated funds for the second year. However, the new administration's diminished emphasis on the development of DPM systems resulted in an agreement to redirect the program to emphasize solutions for existing transit systems' problems under cold weather conditions. The problems were similar but the specific equipment differed in design and therefore required new design approaches.

The initiation of this redirected program required establishing confidence on the part of the transit properties and industries that the program would be a cooperative one. That this has been successfully accomplished is indicated by: cooperation and contributions to the program of equipment and services by

numerous industrial equipment suppliers; personnel effort and equipment contributions by several transit authorities, and personnel effort and equipment from DOT/Transportation Systems Center.

The second phase of this work has been carried out and is documented in Appendix A. Some of the equipment hardware solutions are complete and either being implemented or ready for implementation by the Transit Authorities and their suppliers.

In May of 1983, a meeting of transit and rail representatives was held to discuss the progress made by the CWT Program and to obtain their recommendations. Major Transit Authorities sending representatives included:

CTA (Chicago)	WMATA (Washington)
MBTA (Boston)	AMTRAK (Chicago)
NYCTA (New York)	CONRAIL (Philadelphia)
SEPTA (Philadelphia)	

Participating by mail were GCRTA (Cleveland) and PAT (Pittsburgh).

Also in attendance were representatives of DOT/Transportation System Center (Boston) and DOT/UMTA (Washington).

The product of this conference has been used to focus the proposed continuation work upon the Transit Authorities' priorities. This work was proposed before this committee last year and an application submitted to the UMTA. Action has not been taken to date on the request for the \$7.5M continuation funding.

The section which follows focuses on four of the seven principal activities in need of continuation work which can be accomplished within the framework of the proposed continuation funding.

Work to be Accomplished:

The following list represents work of interest to the Transit Authorities and on which research and development progress has been made, but which also requires further research and development before marketable products can be produced which have the confidence of those who maintain and operate the transit systems for the public:

1. Third Rail Deicing by Radio Frequency (RF) Induction.
2. Elimination of Spurious Electromagnetic Noise Effects on Electronic Controls.
3. Local Ice and Frost Formation Prediction and Sensing.
4. Improved Ice-shedding Materials for Third Rails.
5. Mechanical Ice Scraper System Design Improvements.
6. Track Switch Deicer Systems.
7. Catenary Power Distribution System Winterization.

The complete description of these efforts was provided to the committee at the time of submission to DOT/UMTA, in part, as a special program report to Congress. Space permits discussion of four of them here. In all cases, the proposed solution bring new high-tech application improvements to old technologies.

A), Track Switch Deicer Systems:

This problem continues to be one which plagues transit authorities and railroads. To date the CWT Program has worked with MBTA and AMTRAK concerning this problem. The insulated rail installation in Boston resulted in a 64% energy saving. Switch heater tests in a cold chamber indicated significant savings using more conventional insulation covered heaters on switches. Comparative performances have borne out these results in field tests conducted on AMTRAK switches in Niles, Michigan.

While these tests have been successful, the operation consists of having the system on in the fall and off in the spring. There is a need to develop weather dependent sensors and controls to implement energy saving techniques and cost effective management. Today's technology can provide these control systems and the transit properties and railroads will accept them if they have been appropriately tested and certified for safe use in the public domain. To accomplish this, accelerated testing will be conducted at the Transportation Test Center at Pueblo, CO and at well chosen sites with specific different winter weather profiles. These include the blizzards of North Dakota, New England ice storms, great lakes-lake effect snows and high country rapid freeze thaw cycles.

B) Third Rail Deicing by Radio Frequency Induction

This project continues to be the most imaginative of new applications development of old technologies. The advantage of this technology is that the energy is induced in the rail surface - right where it can do the most good. A new discovery of our work is that the induced energy is attracted to interface where the ice melts and debonds for easy removal. This is truly a "best of all worlds" application - one of those rare instances where nature works with you.

Laboratory element tests to date have proven ice removal at speeds up to 27 mph. Remaining work includes design and test of the prototype, system cost reduction and size reduction through new modern solid state power supply designs, noise generation test and shielding and implementation of uniform rail-heating design techniques. Again TTC at Pueblo, CO provides the ideal test facility where the prototype can be proof-tested and certified prior to operation on revenue service transit property.

C) Improved Ice Shedding Materials for Third Rail

This area on research and development focuses on an alternative means of decreasing ice and snow adhesion to third rails. Decreased adhesion means easier removal, by simple brushing in some instances. The concept has been demonstrated in the laboratory as a material with a quasi-teflon like quality, since ice does not adhere to teflon. The goal is to develop a material which has wear characteristics like steel, electrical contact and conduction properties similar to third-rail materials currently in use, and iceophobic (ice shedding) characteristics. Tests on a copper webbing provided by Imperial Cleveite have shown these characteristics. The continuation work would include stainless steel. Development work at Pueblo would include coating a section of rail with this material to test its mechanical, electrical and iceophobic properties. Following test data verification and developing a technique for coating rails in the field, a section of rail in use by a Northern Transit Property will be prepared for in-service operational tests.

D) Local Ice and Frost Formation

There are two aspects to this problem: the first is the prediction that the conditions are right for ice or frost formation, and the second is the actual sensing of ice and frost formation. Both pieces of information are useful and necessary.

Prediction that favorable conditions for ice or frost formation exist enables the transit operator to prepare for the system interruptions which will occur when formation actually happens. Having sufficient warning to prepare or to take precautionary protective action avoids, in large measure, the service delays and interruptions which result. The system to be designed and placed in service for this part of this task is intended for those locations on a transit or rail system where ice formation has been known to occur most frequently or, on new installations, where it is predicted to be most troublesome.

The system for sensing ice formation is an on-board sensing system which measures the noise generated due to electrical energy transfer from the rail to the vehicle. The character of the noise changes in a measurable and predictable way when frost or ice begins to form. Measurement of this change is readily made and can be used to advise the vehicle operator or central system operator to initiate ice frost countermeasures.

The system concepts for these two systems have been studied and are ready for element testing and adaptation for system tests. Element and prototype testing would be accomplished on LTV's 18 ft Rotating Drum Facility and on a special vehicle at the Transportation Test Center in Pueblo.

Accomplishments to Date:

The CWT Program accomplishments to date are presented in Appendix A and will not be discussed in more detail here. The work discussed above represents the implementation of the recommendations contained in Report UMTA-IN-06-0009-83-1 from which the Appendix was copied.

Appendix A

Extract from Volume 1 - Executive Summary
Report No. UMTA-IN-06-0009-83-1

4.0 CONCLUSIONS AND RECOMMENDATIONS

The Cold Weather Transit Technology Program has addressed the breadth of operating ice and snow problems faced by the nation's mass transit industry and has made great progress: in finding real solutions which can be implemented immediately perhaps with technology introduction assistance; in developing prototype solutions which have proven successful, but which require further development to generalize the specifications for use by suppliers and to implement; in completing initial development tests of systems for which element tests have been conducted and are ready for prototype development; and in conducting basic research and development on problems which show where technology innovations, improvements or development is both possible and desirable. The progress in each of these is outlined in the following paragraphs.

A. Technology which can be implemented or is ready for Technology Introduction:

- A.1. Bus wheel well deicing units demonstrated over three winters at Lansing, Michigan, with the Capital Area Transit Authority.
- A.2. Self-ventilating System for traction motors demonstrated over two winters at CTA, Chicago, Illinois.
- A.3. Insulated rail technology demonstrated at MBTA, Boston, MA and achieved up to 84% reduction in required electrical energy.
- A.4. A solution for rail pull-aparts which has been widely discussed with the transit industry and suppliers.
- A.5. Rail switch heaters have been tested in the laboratory and in the field at AMTRAK in Niles, MI. These tests indicate two places to focus attention: the slider plates and the point rail tips.

Recommendation: That these technologies be introduced immediately by providing the transit authorities with the assistance necessary to speed the process.

B. Prototype technology field tested but in need of generalization of specifications and demonstration under operating conditions.

- B.1. Rail Switch Heaters are repeated here due to the specification requirement for the slider plates and point rail tips, and the continued testing by AMTRAK.
- B.2. The Prototype Hydroblast System tested successfully at MBTA and should be tested on an operating transit system. Further specification refinement and design is necessary for use on covered rails such as at Washington Metropolitan Area Transit Authority or inverted rails such as at the Southeastern Pennsylvania Transit Authority.
- B.3. The Sensor developed to measure ice thickness by the Vought Corporation is well documented and ready for adaptation in specific

applications for ice detection and detection of other rails in perfections.

- B.4. The air filter associated with A.2. would be useful in any design which requires a clean air uptake from an environment where normal air contains too much particulate matter. Bus applications have been proposed but not evaluated.
- B.5. New scraper designs are capable of preparation for specific application and adaptation to specific systems.

Recommendations: Switch Heating System (B.1.) continue to be monitored and/or tested. The Prototype Hydroblast System (B.2.) be tested in an operating system and its design be adapted to other rail configurations. Applications for the Sensor (B.3.) and Scrapers (B.5.) be reviewed and the air filter (B.4.) be investigated for application to buses.

C. Initial System Development Testing based on Element test results.

- C.1. The radio frequency induction ice melting system has been element tested beyond the original design goal of 15 mph at 25°F to 27 mph at 28°F and 17 mph at 25°F.
- C.2. RF Coil configurations have been tested in the laboratory and are ready for scale up for system element test to determine their effectiveness in ensuring uniform heating of the rail surface.
- C.3. Data on local weather predictive capability have been obtained in limited form. This system is ready for field test and practical system design.
- C.4. During electrical contact studies, a lead based shoe material in use by many companies, was determined to have potential application to trolleys and other catenary transit operations. The material potential in these applications requires evaluation.

Recommendation: That work on the elements of these systems be continued and the systems developed. Scale-up test of the RF Coil (C.2.) and field testing of the shoe materials (C.4.) could be done at the DOT Test Center in Pueblo, CO, as could the system tests for the RF ice melting system (C.1.). Access to the Vought Corporation's Rotating Drum is possible as long as the company maintains the facility for further Coil (C.2.) work. The local weather station (C.3.) field tests could be done in cooperation with a Transit Property or at an air field.

D. Completion of Basic research and development to bring innovative concepts to practical technology.

- D.1. The RF power supplies are in need of design and development work to reduce both size and cost. Use of modern solid state electronics is expected to accomplish both.
- D.2. RF signal interaction with vehicle and wayside electronics should be evaluated to determine the requirements for either prevention or enhancement.
- D.3. Iceophobic materials should be developed and tested to determine their applicability to existing systems and the energy saving vs. cost benefits.
- D.4. The ice/frost precursor development scheme has shown laboratory predictive characteristics as anticipated and excellent potential for development realization into practical hardware. Its development should be continued. The technique may be extendable to rail flow detection.
- D.5. As part of the iceophobic materials development, studies on electrical contact behavior have been necessary. These investigations have characterized the properties of contact behavior and led to

suggestions for other useful contact materials for electrical/ electronic applications as well as third rail power pickup.

Recommendation: That the necessary research and development on these topics be continued and the materials or systems be developed. The first four items should be developed and/or field tested. Again these could be accomplished readily at the Colorado Test Center. The electrical contact behavior work should continue at Notre Dame in cooperation with the supplier industries.

STATEMENT OF KEITH KAHLE

Mr. KAHLE. I am Keith Kahle, adviser to the president, Bob Buzard, of ElectroCom. We are the prime contractor on this, and we would like to seek the help of this committee and your staff in getting this thing actually going and operating as was a joint resolution December 19.

As Dr. Berry said, the money is there, Mr. Chairman, but we need to have some help and we ask your help and your staff's help to get UMTA to get moving.

Senator ANDREWS. Thank you very much. I can understand that feeling.

Mr. KAHLE. OK. Well, thank you very much, sir.

Senator ANDREWS. Good to have you here. We appreciate your testimony.

[The statement follows:]

STATEMENT OF ROBERT S. BUZARD, PRESIDENT AND CEO, ELECTROCOM
AUTOMATION, INC.

Mr. Chairman, my name is Robert S. Buzard and I am the President and-Chief Executive Officer of ElectroCom Automation Inc. of Arlington, Texas. We are located in the mid-cities area between Fort Worth and Dallas. I am terribly sorry that other commitments prevent me from making this statement to you and your committee in person. However, I have asked Keith Kahle, my advisor to substitute for me on this occasion. We would request the complete statement be made a part of the record. Thank you.

ElectroCom Automation Inc. is pleased to appear today in support of the University of Notre Dame and Dr. William Berry to seek your prompt and strong assistance, plus that of the full committee, for "continuing" the existing Cold Weather Transit Technology Program. Mr. Chairman and members of the committee, we request immediate attention and help for the Cold Weather Transit Technology Program of which Notre Dame University is the "grantee".

This program and its funding of \$2,500,000 has been approved by the Appropriations Committee in both the Senate and House and accepted as a Line Item. Originally, the request was for \$5,000,000. Due to budget considerations, a two year \$2,500,000 program was approved.

We call your attention to "House Joint Resolution 465, Further Continuing Appropriations for Fiscal Year 1986", Report 99-450 of December 19, 1985, Page 331, which states,

"...\$2,500,000 to continue the existing cold weather transit technology program. The conferees direct the Department's Transportation Systems Center to evaluate the cold weather transit technology program and to report to the House and Senate Committee on Appropriations regarding the applicability of this technology to transit operations that are affected by severe cold weather. The keyword here is "continue". There certainly cannot be any misunderstanding on interpretation as what "continue" means!

Even though the Congress has approved the "continuation" of the grant to Notre Dame, the Department of Transportation and UMTA have refused to "continue" the program, which is "the will of Congress". As a private citizen, it is my understanding "the will of Congress" under our Constitution must be followed. Not the "will of a government agency".

Mr. Chairman and members of the committee, we urgently seek your assistance and your help on this matter at this time.

A years reflection and review have left Notre Dame and ElectroCom Automation Inc. convinced the Cold Weather Transit Technology Program will provide tangible and needed benefits to large segments of the American public residing in metropolitan areas subject to snow and icing conditions during the winter months. An improved and reliable Mass Transit System is necessary to meet the present and future needs of our ever increasing population.

"Real world" benefits of this program have been demonstrated in Chicago and Boston. However, major projects still in research and development require more development before graduation into daily operation. Obviously, without this step, the excellent engineering work which has already been done will be wasted.

For example, in Boston during January of 1984, working with the transit industry, the engineers obtained complete dissipation of ice on steel rails at temperatures of 24°F to 25°F at train speeds of 30 m.p.h. This is a "first" in the free world. Another "first" the engineers must refine a process where they actually kept a remote railroad switch - on an Amtrack line - "open" during the tough, freezing months during the 1984-1985 winter at Miles, Michigan. (see attached photos) The massive greater transportation benefits of this one program are still to be refined.

ElectroCom Automation Inc. is pleased the University of Notre Dame saw fit to select our company as its partner in the Cold Weather Transit Technology Program to replace the former contractor. We are uniquely qualified to carry on the work in cooperation with University of Notre Dame. Several key employees from the former contractor are now a vital part of ElectroCom Automation Inc. This assures continuity of technical and other objectives of the project in both

the Third Rail Deicer System and the Track Switch Deicer System. Many of the elements envisioned in these systems are identical or similar to systems which have been developed by ElectroCom Automation Inc. for high speed mail handling and complex radio communications systems now in daily service.

For background information, I have included a copy of the presentation made before this committee at your hearing last year. It would be redundant for me to review the program again in detail. However, let me quickly remind you of some of the highlights which have been changed to stay within the reduced funding voted by Congress in the 1986 fiscal year budget. Basically, we propose to:

1. Demonstrate how existing Track Switch Deicer systems can be made operable and upgraded to more effective systems with reduced energy requirements.
2. Install and test an improved Track Switch Deicer System which relies on microprocessor control to provide a high degree of energy efficiency.
3. Demonstrate an effective onboard RF deicing system capable of detecting and removing ice formed on the third rail or power rail of Rapid Transit Systems. (Improvement over Boston accomplishment as related to speed and equipment)
4. Show the practicality of the "backyard weather station" in controlling the operations of both the Track Switch Deicer System and the Third Rail Deicer System and other applications.
5. Supply recommendations on possible construction of future Third Rails utilizing isophobic materials.
6. Provide guidelines for deployment of future equipment to minimize the potential of generating disruptive radio frequency interference on existing equipment.

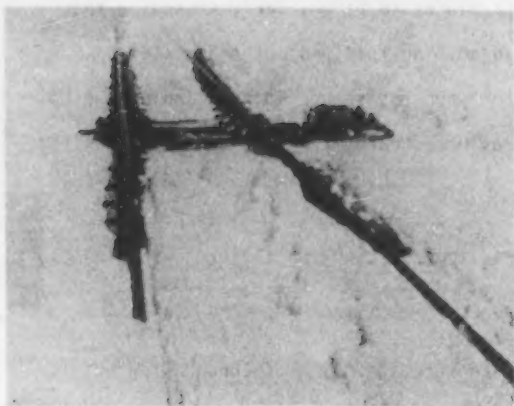
Notre Dame and ElectroCom Automation Inc. firmly believe the Transportation Test Center (TTC) located in Pueblo, Colorado provides an ideal proving grounds for field evaluation of the RF Third Rail Deicer system. This track, about 15 miles east of Pueblo on mostly level ground, has ideal weather conditions, including what we need most for testing which is "ice". Ideal "ice" conditions, excellent facilities and a freedom from interference with operating equipment give an unsurpassed opportunity to accomplish the field testing in minimum time and cost with maximum assurance of correct test results. We look forward to the opportunity of working closely with the TTC personnel in the completion of this project.

We must also mention the concerns expressed by Dr. Berry regarding the delays which have been encountered in getting this project reinstated. ElectroCom Automation Inc. appeals for your assistance in "continuing the Cold Weather Transit Technology Program" as directed by the Congress of the United States.

Thank you for allowing us the privilege of carrying this concern directly to you.

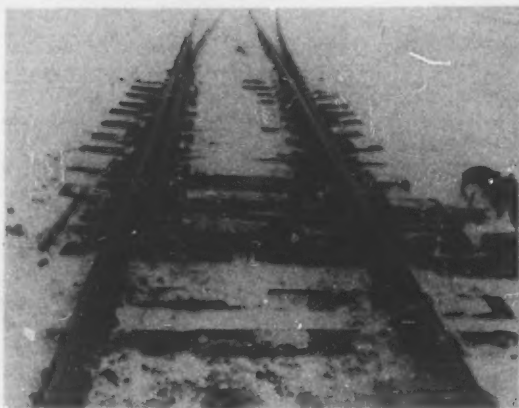
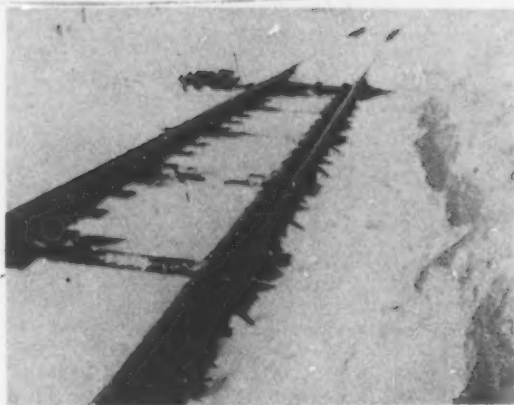
We ask this elite Committee to make sure the "will of Congress" prevails.

Thank you.



COLD WEATHER TRANSIT
TECHNOLOGY PROGRAM

PHOTOGRAPHS SHOWING
EFFECTIVENESS OF
RAILROAD TRACK SWITCH
DEICING PROTOTYPE AT
NILES, MICHIGAN DURING
WINTER OF 1984-85
(UNATTENDED SWITCH REMAINED
OPEN AND OPERABLE ALL
WINTER DESPITE HEAVY SNOW
AND ICE)



STATEMENT OF KEITH KAHLE

Mr. Chairman, my testimony today is in support of Dr. Berry's request for appropriations for the reinstitution of the Cold Weather Transit Technology Program.

ElectroCom Automation concurs with, and supports, the University of Notre Dame in recommending that the Cold Weather Transit Technology Program be given an immediate restart through the issuance of interim funding. Assuming, as in the past, the Committee and conferees vote to continue this worthwhile program, it is respectfully requested that this action be inserted as a "line item" in the 1986 UMTA R&D section of the Department of Transportation and Related Agencies Appropriations Bill. This prompt action is encouraged to get a good program going again, and to allow procurement of hardware for testing during the 1985-1986 winter period. Otherwise, due to agency inaction, this program will die on the vine. As such--specific direction by "line item" is deemed necessary.

Dr. Berry has presented the history and accomplishments of the program, and has outlined the projects to be undertaken in the proposed program continuation in support of his request.

I will support that testimony by briefly describing the benefits that would be derived by the completion of the engineering application tasks ElectroCom Automation would be responsible for in the proposed program continuation. These are:

- 1) The demonstration of a fully automated, vehicle mounted RF COIL THIRD RAIL DEICER SYSTEM. This system would provide an energy efficient method of removing ice from transit system third rails. It would replace many miles of expensive third rail heaters and would eliminate excessive wear and damage to third rails caused by currently used steel ice scrapers.
- 2) An investigation of the cause and affects of ELECTROMAGNETIC INTERFERENCE that will define the problems and find the solutions, if necessary, for the RF Coil deicer and for use by transit systems contemplating the deployment of new electronic power conversion equipment. The primary benefit that would be derived from this work is the development of technology for protecting transit system command, control and communications equipment and in neighboring radio, television and computer equipment from disruptions caused by Electro-magnetic interference.

- 3) The development and evaluation of practical ICEOPHOBIC MATERIALS for use in railroad and transit system ice control and snow removal applications. A success here would provide a breakthrough in combating ice and snow as it would create a non-energy using deicing countermeasure. Transit system components, now vulnerable to ice and snow, could be made to have surfaces that are ice and snow resistant.
- 4) The establishment of basic criteria for the design and specification of efficient and reliable TRACK SWITCH DEICING SYSTEMS through extensive hardware testing of state-of-the-art, improved existing and automated systems across the Northern United States. The installation and use of the resulting improvements and new energy efficient deicer systems on the thousands of track switches which provide the vital connections for our railroad and transit system networks would result in increased reliability and safety for passenger and freight transportation at an affordable cost.
- 5) The quantification and solution development for the cold weather problems of CATENARY POWER DISTRIBUTION SYSTEMS will provide relief, technical assistance and solutions for the wear, breakage and maintenance problems for railroads and transit systems using overhead electrical power systems. The results of this work will also provide needed technology for the required future expansion of railroad electrification caused by the inevitability of high cost oil or its absence.

ElectroCom Automation firmly supports Notre Dame in response to this Subcommittee's previous directives in regard to continuing the development of Cold Weather Transit Technology. We have the people, engineering, manufacturing and testing experience to turn Notre Dame's research into hardware solutions for existing real world problems faced by the Nation's railroad and transit systems each winter.

HIGHWAY USERS FEDERATION

STATEMENT OF LESTER P. LAMM

Senator ANDREWS. We will next hear from the Highway User Federation, Mr. Lester Lamm, president. Good to have you here, Mr. Lamm.

Mr. LAMM. Thank you, Mr. Chairman.

Senator ANDREWS. Let me assure you that your statement will be in the record in its entirety.

Mr. LAMM. I appreciate that and I will give a very brief summary for the benefit of the committee.

Mr. Chairman, this is my first time before the subcommittee on behalf of the Highway Users Federation. You and I have talked previ-

ously on many occasions when I represented the Federal Highway Administration.

I might mention the Highway User Federation is a group whose membership is mainly made up of those who pay taxes into the Highway Trust Fund, and therefore they have, they feel, a legitimate stake in how the funding is used. Our message this year, Mr. Chairman, is that we are not going to be asking the authorizing committees for extra highway program funds. We are not going to be asking for increased revenue.

We are only asking that the Highway Trust Fund revenues that are coming in now be used to their fullest and we feel that with the independent fiscal control that exists on the Highway Trust Fund that has been in existence since 1959 in the form of the Byrd amendment, that that should be really the prime control on trust fund revenue and spending.

As we read the cash flow implications for fiscal year 1987, it appears that a program level of \$15 billion over the next 4 years could be accommodated within the existing revenue level and still not bring the trust fund balance down to an unnecessary low level.

Mr. Chairman, that is our main message, and I look forward to your consideration of that.

Senator ANDREWS. I appreciate that statement. I am looking forward, of course, to talking to you later on today, but in your view why have the House and Senate Budget Committees and the Senate Environment and Public Works provided low obligation ceilings for 1987?

Mr. LAMM. Mr. Chairman, I believe, as yourself, all of the Members of Congress are dealing with multiple and sometimes competing goals. The goals of budget reduction, deficit reduction, budget balancing have to conflict at times with program management goals.

Our point is that the Highway Trust Fund is somewhat different from most of the other accounts in the Federal budget in that the revenues do come from highway users 100 percent and that there is the independent financial watchdog in terms of the Byrd amendment to make sure that we are not contributing to the deficit.

The balance in the Highway Trust Fund at the end of March was \$10.2 billion. We would like to see that drawn down to around \$3 to \$4 billion by 1990.

Senator ANDREWS. The old saying is, justice delayed is justice denied. Construction delayed is construction hiked in cost.

Mr. LAMM. Yes, it is. Absolutely.

Senator ANDREWS. We appreciate your excellent statement. Good to have you here.

[The statement follows:]

STATEMENT OF LESTER P. LAMM

Good afternoon, Mr. Chairman and members of the Subcommittee. We sincerely appreciate the invitation to present the Highway Users Federation's reaction to the Administration's 1987 Budget for the Department of Transportation.

In previous appearances before this Subcommittee, I testified in a somewhat different capacity, though always in support of a strong Federal-aid highway program. This major goal is also basic to the Highway Users Federation, which I have represented since March 3 of this year.

The Highway Users Federation (HUF) is a national coalition of businesses, industries, and associations working to make America's highway transportation system safer and more efficient. The Federation is the largest, most diversified organization of its kind in the nation. Our membership, composed of over 400 companies and industry associations, 63 state and local conferences, and 2,000 individual business men and women, represent the chief users of highways and the main providers of highway transportation products and services.

Even more significant to your Committee's interests, however, the Federation is made up of every segment of America's private sector that pays revenue into the Highway Trust Fund, including auto, truck and trailer manufacturers, rubber manufacturers, major national trucking associations, motor clubs with motorist membership exceeding 26.3 million, and the petroleum companies who collect and deliver our 9 cents per gallon to the Internal Revenue Service.

As a result of this involvement, our corporate members, even while supportive of most Congressional and Administration efforts to reduce the size of the Federal budget deficit, are impatient with actions which defer or delay highway improvement benefits for which highway users have already paid.

The current balance of \$10.2 billion in the Highway Trust Fund is to some a target of opportunity, perhaps a means of making difficult budget decisions a trifle easier. The highway user community, however, feels that our elected leaders are permitting road and bridge deficiencies to accumulate while the Trust Fund balance increases. As a result, instead of the Trust Fund being on a "pay as you go" basis, we are paying nearly 10 months before we "go." This situation was certainly never intended by the drafters of the Highway Trust Fund concept.

In addition, the process has been stretched out to the point that fiscal decisions necessary for the states to develop an effective highway program are being delayed. I would like to use as an example the chronology of events relating to the establishment of the highway program level for FY 1986.

- o The 1982 Surface Transportation Assistant Act established a 1986 obligation ceiling of \$14.5 billion....an orderly progression from 1983's level of \$12.5 billion, 1984's \$13.1 billion, and 1985's \$13.5 billion.

Then various budgetary and deficit-related concerns began to surface:

- o The President's budget for FY 1986, submitted in January 1985, proposed a reduction in the ceiling to \$13.35 billion.
- o Later in 1985 the House passed a highway reauthorization bill which set the 1986 ceiling at \$13.6 billion. The Senate had no comparable bill in 1985, and the press of other Congressional business prevented agreement on highway legislation in 1985.
- o On October 1, 1985, the start of FY 1986, FHWA made an interim distribution of \$13.25 billion.
- o The DOT Appropriations Act for 1986, an element of the Continuing Appropriations Act (PL 99-190), provided a revised ceiling of \$12.75 billion. This reflected a compromise position, as the House had proposed \$13.25 billion and the Senate \$12.75 billion. FHWA made the revised distribution to states on December 27, 1985.
- o Then came the Gramm-Rudman-Hollings Deficit Reduction Act (PL 99-177), which further reduced the obligation limitation by 4.3 percent, to a new total of \$12.2 billion, effective February 5, 1986.
- o Finally, the Reconciliation Act adjustment was made, raising the program level to \$13.125 billion. FHWA made these allocations to states on April 9, 1986.

As a result, the states have had four separate instructions, with four different funding levels, during the fiscal year, and only now, more than halfway through, have we reached a "final" figure. (As you know, this figure too

will be adjusted in August 1986.) Even then, the latest figure is only about at the level of the 1984 program. While this is somewhat better than the February figures, which were lower even than 1983, it will still leave about \$6.7 billion of authorized funds unusable at year's end.

The comparable figures for the State of North Dakota show a similar pattern. The state has seen figures of \$89 million in '83, \$76 and \$73 million in '85 and \$70 and \$79 million in '86. They will probably have an unused balance of about \$23 million available at the end of 1986. The table attached to my testimony presents the comparable figures for all states.

Mr. Chairman, we both know that backlog road and bridge deficiencies exist now for the unused funds. The dollars will eventually be converted into transportation improvements, but next year, or even later, when prices will be higher and benefits to highway users will have been delayed even further.

Thus, our principal message to you today is to look very closely at the Administration's proposed obligation ceiling for 1987 of \$12.77 billion and the recent proposal by the Environment and Public Works Committee of \$12.35 billion. Either of these would in effect return us to less than the 1983 program level. We simply must have a program level more in keeping with the income still being generated by Trust Fund, and more in line with today's and tomorrow's highway needs.

Looking further ahead, both the Administration bill and Senate bill 2405 continue the same low program level through

FY 1990. That would have the effect of proposing a flat program for FY 1983-1990, an 8-year period during which traffic on the highway system may well grow by 40 percent or more, and the buying power of a 1983 dollar may be reduced by more than 30 percent. Mr. Chairman, the highway network is too important to the economy of the country to permit this to happen.

As a specific suggestion, for FY 1987, we ask that you review the recent report of the Congressional Budget Office, in which it is indicated that at today's tax levels, the Trust Fund could support a \$14.1 billion annual highway program from 1987 to 1991.

The CBO report shows the Byrd Amendment being applied in 1988. This occurs, though, mainly because CBO assumes that authorizations will increase at the rate of inflation during this period. It is more logical to assume, (and we would recommend this to the Public Works and Transportation Committee) that authorizations for a four-year bill would be straight-lined. Assuming consistent authorizations at about the 1986 level, (around \$15 billion), we estimate that the Byrd Amendment would not be triggered before FY 1991. A four-year \$15 billion/year bill, 1987-1990, would still leave a Trust Fund balance in excess of \$3 billion, which CBO has previously indicated to be a good figure for proper stewardship of the Trust Fund account.

Thus, our recommendation would be an obligation ceiling of \$15 billion, inclusive of all Highway Account obligations, for FY 1987. In any event, and at whatever level you finally reach, we urge swift action, in hopes that the States will not have a repeat next year of the

unprecedented uncertainties and changing signals of Fiscal Year 1986.

You may hear from colleagues that an increase of \$1.9 billion in ceiling from 1986 to 1987 will not meet Gramm-Rudman-Hollings targets. Our response is that the Highway Trust Fund should not be subject to G-R-H at all. We are all well aware that the Trust Fund, with the Byrd Amendment in existence for more than 25 years, has always been solvent, and has not contributed to the Federal deficit. It is our hope that in this session the Congress will vote to exempt the Trust Fund from Gramm-Rudman-Hollings, and to remove it from the Unified Federal Budget, as well, as was done last year for the Social Security Trust Fund. I recognize that your Committee does not lead in this area, but I would urge your support of the highway community in any subsequent floor vote.

Turning to other portions of the 1987 budget for DOT, the Highway Users Federation is fully supportive of Secretary Dole's several safety initiatives. This includes our complete support for continuing the 402 and 403 safety programs in FHWA and NHTSA, though we would have preferred a higher level of \$9 million for the FHWA portion of the 403 program, as in previous years.

Our membership is solidly in favor of the Motor Carrier Safety Assistance Program at the proposed \$50 million level. The States are ready, after nearly four years of preliminary program development, for a fully financed action program. We will be suggesting to the authorizing committee, however, that the program be continued as a separate account, one which has contract authority. In most states the MCSAP

program is not managed by the agency which administers the Federal-aid programs, and should therefore be maintained as a separate program.

We would also support the addition of 150 more highway safety specialists to the staff of the Bureau of Motor Carrier Safety, although only if they are net additions to the staff of the Federal Highway Administration. In my own experience, Mr. Chairman, the agency is barely adequately staffed to handle today's oversight responsibilities. It is not too widely appreciated that FHWA's staff level in 1986 is lower than it was in 1956, or even in 1939!

We note also the proposal to review the Turner-Fairbank Highway Research Center with an eye toward its "privatization." Over and above my own personal reluctance to see this happen, I know of several other private sector representatives within the highway industry who will oppose this action. In view of the long-term and vital research being conducted at the Center, or by Center employees through private contractors, and the fact that the customers or users of highway research are mostly public sector state and local agencies, it is hard to see how lowest-bid private sector management, changing from one year to the next, can produce better results. I hope the Committee will restore the 158 research staff positions to FHWA before a "brain-drain" ensues.

Mr. Chairman, this completes my prepared statement. Let me say, again, how appreciative we are for this opportunity to appear before you. I have long felt that the private sector, and particularly the highway private sector, has neglected the very significant decisions which take

place during the annual appropriation process. I hope to be a part of the effort to change that situation.

I assure you that the Federation staff, and I personally, would like to be useful to you and your staff during the vital deliberations. Please let us know if we can be of assistance.

**Evolution of FY 1986
Federal-Aid Highway Program Levels**
(\$ in Thousands)

State	1986 Authorizations, Per STAA of '82	10/85 Interim Distribution	12/85 DOT Appropriations Act	2/86 C-R-N Revision	4/86 Reconciliation Adjustment	Estimated Unobligated* Balance of Authorized Funds, End of FY 86
Alabama	260,787	223,955	257,135	205,463	220,843	106,700
Alaska	171,919	147,482	142,625	135,304	146,748	53,400
Arizona	187,639	161,322	155,003	148,002	159,537	102,600
Arkansas	141,633	114,279	110,164	104,843	112,323	62,200
California	1,141,482	881,776	869,211	808,966	871,439	700,100
Colorado	219,035	188,272	181,320	172,726	185,796	94,100
Connecticut	302,033	259,415	248,489	237,993	255,810	102,800
Delaware	59,077	50,835	48,953	46,637	50,240	32,300
Florida	574,346	494,610	493,834	453,769	480,296	235,300
Georgia	370,587	318,278	306,439	291,997	313,818	197,800
Hawaii	131,750	113,075	108,754	103,738	111,991	130,800
Idaho	98,473	84,570	83,416	77,586	83,625	41,500
Illinois	478,235	390,985	400,985	358,701	385,644	106,700
Indiana	291,044	194,903	188,256	178,809	192,010	101,700
Iowa	203,969	174,975	169,817	160,527	172,013	81,800
Kansas	176,376	151,381	145,875	138,881	148,423	108,000
Kentucky	236,559	203,002	195,500	186,240	200,348	91,800
Louisiana	363,572	312,116	305,382	286,344	308,031	257,300
Maine	67,402	57,962	56,679	53,176	57,277	32,400
Maryland	315,805	271,529	270,448	249,108	268,146	187,200
Massachusetts	328,428	282,711	272,058	259,367	278,834	274,400
Michigan	355,903	306,575	295,422	281,260	303,001	107,200
Minnesota	271,411	233,135	237,925	213,884	230,179	136,000
Mississippi	146,569	125,650	122,908	115,275	123,478	66,700
Missouri	284,815	244,763	237,157	224,553	239,645	105,300
Montana	125,570	107,737	103,850	98,841	106,305	64,400
Nebraska	126,403	108,480	104,680	99,522	106,569	42,600
Nevada	84,022	72,202	69,610	66,240	71,396	37,200
New Hampshire	66,849	57,495	59,632	52,748	56,591	53,700
New Jersey	404,418	348,352	335,199	319,588	342,496	220,700
New Mexico	121,946	104,694	100,914	96,049	103,354	42,300
New York	876,613	755,212	776,200	692,853	743,456	182,800
North Carolina	327,429	227,625	219,384	208,830	224,363	124,700
North Dakota	88,902	76,387	73,620	70,080	75,396	23,100
Ohio	500,735	357,159	344,101	327,687	351,836	255,700
Oklahoma	218,321	151,201	145,723	138,716	148,353	99,200
Oregon	161,521	138,769	133,333	127,310	136,921	98,300
Pennsylvania	586,889	505,026	485,143	463,323	497,197	362,400
Rhode Island	124,220	106,644	102,575	97,838	105,540	53,400
South Carolina	178,510	145,598	150,289	133,376	143,736	136,000
South Dakota	96,361	82,779	79,778	75,944	81,661	45,900
Tennessee	280,058	240,536	231,650	220,675	235,740	108,400
Texas	966,956	661,271	637,002	606,669	652,308	306,800
Utah	156,375	134,311	129,299	123,221	132,809	66,800
Vermont	64,102	55,143	58,744	50,590	54,357	53,100
Virginia	358,440	308,010	306,397	282,577	304,354	133,900
Washington	344,673	296,010	284,858	271,568	292,050	162,100
West Virginia	120,893	103,790	100,391	95,220	101,695	99,700
Wisconsin	226,077	164,320	159,612	150,752	161,695	84,100
Wyoming	96,536	82,917	79,887	76,070	81,855	34,400
Dist. of Col.	77,668	66,755	64,174	61,243	65,901	86,900
Puerto Rico	68,778	59,470	57,384	54,560	59,028	68,600
	14,028,374	11,505,449	11,298,239	10,555,423	11,345,456	6,663,300
Administration, Territories, Reserve		1,744,551	1,451,781	1,646,327	1,779,544	
TOTAL		13,250,000	12,750,000	12,201,750	13,125,000	6,663,300

*Assumes states obligate 100% of obligation limit.

DE VORE AVIATION CORP.

STATEMENT OF GILBERT DE VORE, PRESIDENT

Senator ANDREWS. Our final witness is Mr. Gilbert De Vore, who is the president of De Vore Aviation Corp. in Albuquerque, NM. Senator Domenici had wanted to be here. We will hold the record open for his introduction when he is able to submit it.

Mr. De Vore, good to have you here before our subcommittee. Let me assure you that we have your statement. It will appear in its totality in the record.

Mr. DE VORE. Thank you, Mr. Chairman.

I expected Senator Domenici to introduce me and therefore brief you on the past history, and I will take a few seconds, if you will forgive me, and do that.

You will recall that last year I objected to an exclusive funding policy for visual approach slope indicators which resulted in cancellation of AIP funding for a system called PLASI and done in the interest of standardization.

This committee required the FAA Administrator to obtain aviation community comment before implementing his order. After so doing, he has now reaffirmed his order.

Aviation community comments were analyzed by the Administrator to show that 6,500 supported his position compared to only 1,000 opposed. The supportive responses, however, were the cumulative organizational response of ALPA whose members were directed to send in postcards by union management.

An independent analysis, however, indicated that the aviation community was opposed to his order in the ratio of 7 to 1. In confirming his order the Administrator ignored the decision of the previous Administrator who approved PLASI, the opinion of his own safety organization, the oversight prerogative of the Congress, U.S. Air Force approval of PLASI, the 265,000 pilot members of ALPA, NATA, NASAO, and the comments of respected scientists who have evaluated the proposed order.

Four basic issues were offered in the original order: proliferation, international agreements, costs, and safety. FAA addressed none of these. The independent analysis, however, clearly confirms a lack of scientific analysis, shows no supporting evidence of proliferation, eliminates competition, causing the Government to sustain higher costs, and produces no data suggesting safety problems exist and shows no evidence that standardization promotes safety.

Standardization is an elusive concept. FAA has approved a four-box PAPI with a five-sector signal and a two-box PAPI with a three-sector signal. What is your standard? Five sectors or three?

The Administrator says it is my judgment that a pilot should see the same visual presentation at all airports. That is hardly consistent with the visual presentation of the PAPI system.

Standardization is an unachievable fantasy. The hurdles include budget restraints which limit new installations. If the old VASI's were replaced, the cost would be enormous. And there are no provisions for removing them. Independent sponsors can still choose the most economical.

The Air Force has approved the use and installation of PLASI. The recent decision of the Air Force was the result of comparative tests which showed that standardization was not necessary.

The FAA has not done comparative tests. They simply hypothecated a safety issue. Their Associate Administrator for Safety said: We still have a real problem in an order which only serves to eliminate a single supplier with no technical analysis of the problem he is creating.

Under the FOIA, we received copies of the agency record on all aspects of this action. No safety problems were disclosed. The FAA's Office of Airport Standards has continuously raised the safety issue hypothetically and the notion has been consistently rejected by former Administrators and the FAA safety organization aviation standards.

Airport Standards authored the issue, the notice, and the decision.

This Administrator's handwritten comment on the airport standards notice was: I think we have a less strong presentation for PAPI than we should. If you can beef up more, we should.

They did not. They could not find a safety problem.

One final observation: The result of the public comment was predetermined. The decision published in the Federal Register states: To select a system other than the PAPI for use at noninternational airports would not be consistent with the goal of standardization.

Obviously, no consideration was given to any other outcome than the revocation of PLASI funding. When I testified before this committee last year, I requested that this issue be placed before the aviation community. We were then unaware of the nature of FAA's internal dispute on the existence of a safety problem and the Air Force had not yet made their decision on the approval of PLASI.

It is now clear that the Administrator's order is not justified on any grounds. We, therefore, respectfully request that this committee permanently suspend the implementation of order 6850.26(a).

Thank you very much for your time and I am sorry I ran over.

Senator ANDREWS. Thank you very much, Mr. De Vore, for an excellent statement.

Mr. DE VORE. Mr. Chairman, I made some statements here that we had received some information under the FOIA. I have a few documents I would like to submit for the record.

Senator ANDREWS. We will make those a part of the record immediately following your testimony, Mr. De Vore.

[The statement and documents follow:]

STATEMENT OF GILBERT DE VORE

SUMMARY

In 1985, this committee was involved in the passage of an amendment to the Supplemental Appropriations Bill for 1985, which required the Administrator of the FAA to publish notice in the Federal Register and seek the comments of the aviation community before implementing his Order 6850.26A, which he published February 8, 1985, regarding the funding of visual approach slope indicators under the Airport Improvement Program Act.

Essentially, the only members of the aviation community who supported the Administrator's position were members of the Air Line Pilots Association who sent in postcards at the direction of ALPA management. The Administrator was well aware of ALPA's position when he made his decision to cancel funding for PLASI as was the previous Administrator who approved PLASI for funding. The Administrator ignored all of the rest of the comments to reaffirm his decision to cancel funding for PLASI. Obviously, the result was predetermined.

This committee, therefore, is respectfully requested to permanently prohibit the Administrator from implementing Order 6850.26A dated February 8, 1985, and reaffirmed by notice in the Federal Register dated February 5, 1986.

HISTORY AND FACTS

Last year, I was privileged to have the opportunity of testifying before this Committee regarding Administrative Order 6850.26A of the Federal Aviation Administration on the subject of AIP federal funding for visual approach slope indicators. A visual approach slope indicator, PLASI (Pulse Light Approach Slope Indicator), conceived, developed and produced in the U.S. with private funds, and now marketed world wide, was approved for use in the National Airspace System in December of 1981 and approved for federal funding in August of 1982. In his Order of February 8, 1985, some two and one-half years later, the FAA Administrator rescinded only the approval for federal funding on the grounds of standardization. This Committee felt strongly enough about that decision to assist in securing passage of an Amendment to the Supplemental Appropriations Bill prohibiting the Administrator from implementing his order until he had provided adequate opportunity for the aviation community to comment on the content of that order. The Administrator published a notice in the Federal Register in August of 1985 and allowed 30 days for comment. When many respondents complained that 30 days was insufficient time, they were advised there would be no extensions. At the last minute, however, apparently as the result of Congressional pressure, the Administrator changed his ruling and extended the response period for an additional 30 days. This, in effect, was equivalent to two 30 day periods the latter being essentially without notice. In his notice in the Federal Register, the Administrator suspended all federal funding for visual slope indicators under the Airport Improvement Program, which was contrary to the intent of this Committee and Congress, and the Administrator was notified accordingly. The suspension, however, remained in effect until February 5, 1986. This is the background of the Administrative Order and Congressional action. No safety issue was raised in that initial order.

The response from the aviation community was analyzed by the Administrator in a Notice in the Federal Register dated February 5, 1986, and in a letter to the Chairman of the Appropriations Committee dated January 29, 1986. The Administrator's analysis pointed out that those supporting his position were 6,518 in number, as compared to only 970 opposed to his position. The Administrator failed to take cognizance of and point out in his analysis that this large number of supportive responses was composed almost entirely of ALPA members or affiliates who were directed to send in

postcards. The ALPA position was the basis of the Administrator's Order in the first instance. It was considered, and rejected, by the previous Administrator when he approved PLASI for federal funding. An independent analysis of the results of the remainder of the aviation community's response to the Administrator's order indicated that they were opposed to his order in the ratio of 7 to 1. In order to reach his conclusion, the Administrator counted each individual ALPA member who voted. All other organizations that submitted letters stating their organization's position were counted as one. This amounts to stuffing the ballot box in a matter which should not be the subject of a vote. There should be, in order to even raise this issue; first, a safety problem, second a safety issue.

Is there a problem? Is there an issue? These are the facts:

In order for the Administrator to make his decision to continue Order 6850.26A, as stated in the Notice in the Federal Register of February 5, 1986, he had to ignore the decision of the previous Administrator; the opinion of his own safety organization (Aviation Standards); the oversight prerogative of the Congress; U.S. Air Force approval of both PLASI and PAPI; the entire membership of AOPA (265,000 pilots), NATA, NASAO, and other aviation organizations non-affiliated with the airlines; the comments of respected scientists and behaviorists who have evaluated the proposed order and his responsibility to respond and rationalize the comments of those who responded to the Notice of August 26. In fact, the Notice in the Federal Register of February 5, 1986, contains the same statements that were contained in the Notice of August 26, 1985. They were both written in the Office of Airport Standards by staff personnel who write equipment specifications but do not fly and are not qualified to discuss safety, pilot workload, or any other items of flight. Four basic issues were offered in Order 6850.26A and in support of the Order in the Notice in the Federal Register of August 26, 1985. These were proliferation, international agreements, costs, and safety. None of these were addressed in the Administrator's rationalization of the comments that were submitted. They were simply restated without analysis. An independent analysis, however, supports our allegation that the Administrator's Order is unfair, arbitrary, and capricious; lacking in scientific or behavioral analysis; shows no supporting evidence of proliferation; eliminates competition causing the industry to sustain higher costs; produces no data suggesting safety problems exist and shows no evidence that standardization promotes safety. In fact, in the absence of such information, the Administrator said that the burden is on the aviation community to show that standardization is unnecessary, whereas the burden should be on the Administrator to show that standardization is necessary for safety.

We believe the FAA report to be intolerably superficial, factually erroneous and logically deficient in its conclusions derived from public comments. For instance, in the Notice in the Federal Register of February 5, the Administrator stated the following: "Since there are currently at least six manufacturers who are in the process of marketing a PAPI, there would appear to be more than adequate competition". This was in response to comments stating that standardizing on one system would lead to a lack of competition. In the Advisory Circular No. 150/5345-1Q, dated January 23, 1986, only one manufacturer is shown to be approved to manufacture PAPI. As a matter of fact, including this approved manufacturer, of those major purveyors of airport lighting equipment, it is our information that they are all importing systems from Europe (Belgium, France, and England).

The Administrator constantly refers to standardization. This is an elusive concept. The PAPI system originally developed in the U.K. and approved by ICAO was a four box system which provided a five sector signal. The reason PAPI was approved in the first place was because it provided a five sector signal with sharp delineations of these sectors. Then, they approved a two box PAPI just as they did a two box VASI. In VASI, however, regardless of the number of boxes the signal format was always the same. With a two box PAPI, however, there are only three sectors. FAA is promoting the two box PAPI under the Airport Improvement Program. Which is standard, 3

sectors or 5 sectors? Will it not be confusing to a pilot who may expect a 5 sector signal and finds only 3, or vice versa? The Administrator says, and I quote, "it is my judgement that a pilot should see the same visual presentation at all airports." This is not consistent with the three and five sector signals in the PAPI system.

Further, the FAA wants to "standardize" on one system - PAPI. ICAO has "standardized" on three. The reality is that standardization cannot be achieved. There are more than 12,000 airports in the United States. Of this total, approximately 6,000 are public use airports and the balance are non-public use facilities. The Administrator has stated recently that there are approximately 3,000 VASI systems installed on the nations airports. There is no provision for removing these systems. Also, these systems were installed with both federal funding and private or local government support over a period of more than 20 years. Even after this long term effort, only 10% or less of all the runway directions in this country are covered with VASI systems.

The Administrator's recent decision to fund only one system, PAPI, in the future installations of visual approach aids will not improve this situation. Would it be rational to remove the 3,000 VASI's in the interest of safety? Where there is no safety problem? In consideration of the severe budget problems facing the federal government in general and the FAA budget in particular, it is unlikely that the FAA will be in a position to fund systems as in the years past. Thus, it appears unlikely that more than 5% of the runway directions will have PAPI systems after another 20 years of further funding. It is also unlikely that any of the VASIs, except those on the international airports, will be replaced.

It is also quite likely that the balance of the runways in this country (more than 25,000 directions) will be open for the installation of other visual approach aids, whether approved or not approved for federal funding by the FAA. These airports will install the most economical system available at the time and it may not be PAPI. It could very well be PLASI. It is evident that the Administrator's fantasy of standardization will be impossible to achieve in our lifetime.

In the pursuit of reality, and justice, we sought the disclosure of the basis of this action, as it related to safety, by requesting the agency record under the Freedom of Information Act. No safety problem was disclosed. No safety issue was disclosed. The FAA's Office of Airport Standards has continuously raised the issue, hypothetically, and the notion has been consistently rejected by former Administrators and the FAA's safety organization, Aviation Standards. Airport Standards authored the issue, without a problem, authored the notice, and authored the decision. This Administrator's comment on the Airport Standard's notice was "I think we have a less strong presentation for PAPI than we should. *** If you can beef up more - we should." They didn't. Aviation Standards did not concur because they couldn't find a safety problem. Further, although the agency record disclosed was "sanitized", i.e. portions were deleted from position papers authored by Airport Standards, enough was revealed to reflect that Airport Standards recognized that this action would not be fair or equitable, that it would be detrimental to the promotion of new ideas and to the market of the DeVore Aviation Corporation.

Finally, the FAA has never tested their notion that "non-standardization" or "proliferation" is a safety problem. They have not comparatively tested visual glideslope indicators. The U.S. goverment did, however, test visual glideslope indicators comparatively.

The only significant comparative tests conducted anywhere was done by the U.S. Air Force at Williams Air Force Base over a period of several years during which they had installed PAPI, VASI and PLASI systems. Aircraft were instrumented to interrogate the electronic glideslope which was co-located with the visual glide slope indicators. The pilot flew the visual glideslope while the instrumentation recorded his deviation from the

electronic glideslope. The objective results of those tests based upon the statistical analysis of the deviations showed that PLASI and PAPI were equivalent and both were far superior to VASI. When the pilots were asked to preference rate the systems, six of the eight instructor pilots that were queried voted PLASI number one, with the other two voting PLASI number two. The Air Force found no difficulty with interpreting the signals from either system. The Air Force has selected both PLASI and PAPI as its standard for installation on its air bases. Since the Air Force trains the highest number of high performance aircraft pilots in the country and since the airlines acquire a large proportion of their pilots from the military, it is obvious that the Air Force's position will complicate the Administrator's position and prevent the achievement of illusory "standardization".

One final observation. For ten years now, we at DeVore Aviation Corporation have tried to satisfy every requirement imaginable, based on the needs of the aviation community, the needs of safety and the requirements of the FAA in order to make available an advanced technology, low cost - low maintenance visual approach aid system. Not only does it meet those goals, it is versatile and even portable. All during that time we have sensed and known of opposition from Airport Standards. We have sensed and known of support and recognition of need from the FAA safety element, Aviation Standards. It looks to us as though the outcome of the public comment was predetermined. Why? Because the issue was supposed to be whether there should be standardization, not a vote on PLASI versus PAPI. The context in which Airport Standards wrote the notice, and the decision, invited and decided the issue as a choice. The decision on the real issue was apparently never in doubt. This was blatantly revealed by the statement in the decision published in the Federal Register, page 4556, which I quote. "To select a system other than the PAPI for use at non-international airports would not be consistent with the goal of standardization." If one accepts the Airport Standards definition of "standardization" then, obviously, no consideration was given to any possible outcome other than the revocation of the PLASI approval. This is not an act of responsible administrative discretion.

CONCLUSION

When I testified before this committee last year, I requested that this issue be placed before the aviation community. We were then unaware of the absence of any safety justification in the agency record, or the nature of FAA internal conflict and dispute on the issue of the existence of a safety problem. At that time, the Air Force decision had not been made. It is now obvious that the Administrator's Order is not justified on any grounds and we, therefore, respectfully ask that this committee suspend, permanently, the implementation of Order 6850.26A. Thank you.

REPORT BY THE ALARIS CO.

January 9, 1986

Mr. Gilbert DeVore, President
DeVore Aviation Corporation
6104 B Kircher Boulevard, N.E.
Albuquerque, New Mexico 87109

Dear Mr. DeVore:

This is in response to your request that we review the FAA Federal Register Notice (August 26, 1985) to establish policy for the funding of Visual Glide Slope Indicators and the replies thereto. The purpose of the review was to consider the adequacy and completeness of the Notice and to determine some of the statistical characteristics of the replies as they may relate to a representation of, or consensus of opinion of the aviation community.

1. Background

While the Federal Register may be a valuable means of notifying the public of government actions affecting them, it has very definite limitations when used as a means to secure the collective viewpoints of an affected population (such as all pilots or all airport operators).

The Federal Register has a limited distribution, most often going to major associations, affected businesses, authorities, and local governments. The average pilot is unlikely to be aware of government actions affecting him unless he has the action brought to his attention through the media or through associations to which he may belong. Even though the media and representative organizations may alert him to certain government actions affecting him, it is unlikely that he will be given sufficient information on an issue to make an informed and unbiased value judgement.

The Federal Register notice response method does permit those members of an affected population who are made aware of an issue to state their views and is the principal method used by government to seek and evaluate the views of the public or a constituency. However, it is very unlikely that responses to a Federal Register notice could be considered a valid sampling of a population opinion (unless nearly all members of a population responded). The principal requirement for a valid statistical survey is that "every element of a population has an equal chance of being included in the survey". The Federal Register method of seeking public response does not meet this basic criterion, therefore it is very difficult (if not impossible) to make any statistically valid assertions about the collective views of an affected population based on the responses. The evaluation of Federal Register responses is made even more difficult when the responses to

an issue are sharply divided along "party or organizational" lines.

With this background in mind we have attempted to evaluate the notice and the responses as follows.

2. The Notice:

- A. The notice is biased in that it does not provide complete information, particularly with reference to the history, testing and approval of PLASI.
- B. Standardization is presented as the primary reason for the decision to federally fund only PAPI. No scientific, human factors or engineering data is presented as evidence that standardization does in fact result in higher levels of safety.
- C. Such test data as is presented would tend to refute rather than support the FAA position that use of more than one type of Visual Glide Slope Indicator results in confusion or unsafe conditions. First, in none of the test data presented is it ever stated that there is a statistically significant difference between the systems. On a scale of 100 the average scores in the Army (Ft. Meade) tests are clustered between 76 percent (OASIS) and 91 percent (CHAPI). The remaining systems scores (VASI, PAPI, and PLASI--the systems of interest in the notice) are clustered between 77 percent and 82 percent, a spread of only five percentage points. Such a cluster would usually indicate that there is no statistically significant difference between the pilots' ratings of the systems. The cluster would also seem to indicate that there was little, if any, confusion in interpreting and flying the different systems which is "contra" to the FAA position that standardization is necessary.
- D. The U.S. Air Force data speaks for itself and most certainly does not support the FAA position.
- E. On the second page of the notice the argument is made that there are several other systems on the market which are expected to be added to the approved list at substantially lower prices resulting in a proliferation of systems. We are unaware of the existence of such systems having these attributes.
- F. Following the above discussion is the statement that "FAA professional opinion did not consider these issues to be in the best interest of aviation safety." We are aware of both current and former FAA employees with very extensive qualifications who do not hold that opinion.
- G. The notice itemizes the bid prices for the various systems for which the FAA permitted funding. These are of little consequence. Justifications should be made on the basis of life-cycle costs and benefits.

3. Letter responses to the notice:

A detailed count of letter responses by various classifications such as organizational affiliation, company type, pilot qualifications, other qualifications, issue position, rationale for position, etc. is shown in Attachment A. Summary data is presented as follows.

- A. There were a total of 102 letter responses, of which 58 were in opposition to the FAA single glide slope indicator standard and 43 supported the FAA position. One respondent (The Flight Safety Foundation) indicated that testing was required before a proper decision could be made.
- B. There were 44 letter responses from companies. 29 of the companies opposed a single indicator and 15 of the companies supported the proposed standard. The companies were classed as follows;

Consulting firms	5
Manufacturers/Dealers in PAPI	4
Manufacturers/Dealers in PLASI	3
Lighting/Elec. Contractors	4
Manufacturers/Dealers other	5
Air Carriers/Commuters	4
Fixed Base Operators/Air Taxic	9
Construction/Maint. Contractors	2
Airport Managers/Operators	7
Publishing Firm	1

- C. There were 15 letter responses from public and private airport sponsors/operators/managers, all of whom opposed a single indicator standard.
- D. Of the 10 letter responses received from representative associations and organizations, five support a single indicator standard as shown below:

Organization	Approximate Membership
ALPA	34,000
APA	5,000
ATA	
AFA	21,000
AOCI	

Letter responses from four organizations indicate opposition to a single indicator standard as follows:

Organization	Approximate Membership
NATA	
NASAO	1,300
AAAE	
AOPA	255,000

One letter response from the Flight Safety Foundation indicates opposition to rule-making (policy) without sufficient testing and financial analysis.

- E. The total letter response from pilots was 47 (many other respondents are believed to be experienced pilots, but if the letter did not state that they were pilots they are not included in the pilot response count).

1. Total letter responses from pilots supporting a single indicator standard=24
2. Total letter responses from pilots supporting a single indicator standard and specifying preference for VASI=2
3. Total letter responses from pilots supporting a single indicator standard and specifying preference for PAPI=11
4. Total letter responses from pilots supporting a single indicator standard but not specifying equipment preference=10
5. One letter response indicated support for single indicator standard, stated no equipment preference, but opposed PLASI
6. Total letter responses from pilots opposing a single indicator standard=23
7. Total letter responses from pilots opposing a single indicator standard and specifying support for PLASI=17
8. Total letter responses from pilots opposing a single indicator standard but not specifying support for a particular equipment=6

- E. There were two letter responses received from persons who would be considered to be eminently qualified to make assessments of Visual Glideslope Indicator Systems. One of these respondents has been involved in the flight testing of all of the systems mentioned in the notice and represented the FAA Flight Standards Office in both the testing and on ICAO Visual Aids Panels. The other has over forty years experience in engineering, flight test and safety engineering, including six years as director of the Bureau of Aviation Safety, National Transportation Safety Board. Both posed strong objection to the FAA single indicator standard and both strongly support PLASI as being a superior system. Neither one is believed to have any proprietary interest in any of the systems.

- F. There was one petition signed by 59 Air California pilots affiliated with ALPA supporting the FAA single indicator standard.

4. Postcard responses to the notice:

A review of several hundred postcard responses to the Federal Register notice received from persons affiliated with ALPA was made to determine if they contained any significant comments or opinions not already found in the

letter responses. A similar review and count was made of all of the other postcard responses made available to us by the FAA. A detailed summary of the card counts and comments is shown in Attachment B. The essential information is summarized as follows.

- A. The postcard responses to the Federal Register notice were heavily weighted by responses from ALPA members (approximately 5,821), nearly all supporting the FAA single indicator standard.
- B. The remaining postcard responses (approximately 963) show a 7:1 response ratio opposing the FAA proposed single indicator standard.
- C. To offset some of the limitations of the Federal Register solicitation for comments, the DeVore Aviation Corporation provided information concerning the FAA proposal to some 7,500 persons involved in airport operations and 7,000 instrument rated pilots. This was accomplished through a "mailing" which described the issue in considerable detail and urged the recipients to submit their comments or positions to the FAA. While this was not a completely scientific, random survey procedure it did incorporate many of the characteristics of random sampling methods. For example, the "mailing" to instrument rated pilots was based on a random selection of state pilot populations (Pennsylvania, Virginia, Ohio, Texas, Louisiana, New Mexico, and Oklahoma). Furthermore, the responses from the "mailing" are considered to be more representative and unbiased in that there was no control exercised, there was no organizational allegiance involved and the canvasser (DeVore Corp.) had no way of knowing what response to expect.

The responses to the DeVore "mailing" are important for two reasons. First, the responses were overwhelmingly (785 to 1) opposed to the FAA position. Secondly, there was a larger response to the "mailing" than the two percent which is characteristic of the "open" (non-organizational) mail canvass. The response from persons involved in airport operation/management was almost five percent and the response from the instrument rated pilot "mailing" was over six percent (two to three times the expected response rate).

5. Conclusions:

- A. The notice published in the Federal Register presents a biased and incomplete overview of the issue. Thus, the public would be expected to have considerable difficulty in providing a meaningful response.
- B. The principal basis for the FAA position is that standardization is safer. There is no evidence presented that supports that contention. Such evidence as is presented would tend to refute the contention.

- C. It is difficult if not impossible to make statistically valid assertions about the collective opinions of an affected (by rule-making action) population based on responses to a Federal Register Notice. This is because of a lack of statistical control being exercised.
- D. The letter responses to the Federal Register notice oppose the FAA single indicator standard by a count of 58 opposed to 43 supporting.
- E. The letter responses from representative organizations are evenly divided between opposing and supporting the FAA position. However, the membership represented by those organizations opposing the FAA single standard position is substantially higher than the membership represented by those organizations favoring the FAA position.
- F. The letter responses from business entities oppose the FAA single indicator standard by a count of 29 opposed to 15 supporting.
- G. Of 15 letter responses from airport sponsors, operators or managers, all opposed the FAA single indicator standard.
- H. Of nine letter responses received from fixed base or air taxi operators, all opposed the FAA single indicator standard.
- I. For letter responses wherein pilot qualification was noted, the responses were about evenly divided between those favoring the FAA position and those opposing. Excluding responses from pilots indicating an ALPA affiliation, the remaining responses would indicate an almost 2:1 ratio of pilots opposing the FAA position.
- J. The postcard responses to the Federal Register notice were heavily weighted by responses from ALPA members (approximately 5,821), nearly all supporting the FAA single indicator standard.
- K. The remaining postcard responses (approximately 963) show a 7:1 response ratio opposing the FAA proposed single indicator standard.
- L. The responses to the DeVore Corporation canvass are considered to be a better representation of user opinion than other canvasses because of the more random selection of candidate respondents and the higher than expected response rate.
- M. The responses (letter and postcard) would seem to indicate that positions favoring or opposing the FAA proposed policy are drawn along essentially air carrier vs "other" lines. ALPA, APA, ATA, AFA and AOCI and affiliates, generally representing larger air carriers and larger airport operators,

support the FAA single indicator standard. While ALPA made a valiant effort to sway the results by sheer numbers of card responses, it is evident that other entities, which would seem to be the substantially greater majority of those impacted by the proposed policy, appear to oppose the FAA position by ratios of about 2:1 or more.

Very truly yours,
The ALARIS Company



Walter E. Faison
President

Paul L. Galis

Reply to
Ann. of

The Administrator Sup. Set comment per mail 30 Aug 91
AGC-1 JJC 9/2/91

This notice has been coordinated with AVS, ADL, and API.

NOV 2 1 1983

Qusínano: x68452

Attachments

Date: JAN 15 1985

Reply to
Attn. of: Wink:426-8432

NO

Please find attached a copy of our November response and your clearance record.

FEDERAL FUNDING OF VISUAL VERTICAL DESCENT GUIDANCE SYSTEMS

1. PROBLEM. The agency has been subjected to criticism during the past couple of years due to its policy concerning approval for Federal funding of visual vertical descent guidance (VVDG) systems.
2. BACKGROUND. Agency policy during the past was based on the principal of standardization and conformance to ICAO standards. The procedure was as follows:
 - (a) All available system concepts were evaluated by R&D and the one most suitable was selected (after coordination with all FAA elements) as the national standard. The current national standard is the VASI as described in Selection Order 1010.47.
 - (b) Equipment specifications were developed (by AAS and AAF) to ensure a quality product based on the national performance standards.
 - (c) Manufacturers who made a product meeting the specifications in (b) above were approved for Federal funding.
3. DISCUSSION. The above practice, although it assures standardization, has a major drawback in that it does not permit alternate system concepts which may provide equal or better guidance. The recent PLASI approval for Federal funding was a change from this practice. This approval requires a change in the present funding policy to ensure fair and equitable treatment to all manufacturers while maintaining, if possible, some degree of equipment quality and standardization. This discussion paper is limited to funding under Federal grant assistance programs and does not go into the problems associated with funding such systems under the F & E program.
4. OPTIONS.
 - (b) Continue old policy but treat the PLASI approval as an exception to the rule.
 - (1) Advantages.
 - Would retain some degree of standardization.
 - Would retain the PLASI approval.
 - (2) Disadvantages.
 - Would be objected to by ALPA and ATA.
 - Would be unfair to manufacturers of other system concepts.
 - Would require filing a difference with ICAO.
 - (c) Issue a purely performance type specification for VVDG systems. The specification would cover only such performance aspects as minimum viewing distance, horizontal and vertical beam coverages, color of below course signal, etc. It would not specify any particular signal format but would contain equipment quality and environmental requirements. AVS would determine operational suitability and AAS would determine adherence to the technical requirements.
 - (1) Advantages.
 - Would be fair and equitable to all.
 - Might help to promote new ideas.
 - Would retain the PLASI approval.

(2) Disadvantages.

- Would lead to a proliferation of system concepts.
- Would require filing a difference with ICAO.
- Would be opposed by ALPA and ATA.

(d) Same as (c) but with a separate specification for the PAPI. Only the PAPI would be funded at PART 139 airports, or at least those airports designated as international.

(1) Advantages.

- Would be fair and equitable.
- Might help to promote new ideas.
- Would receive ALPA and ATA support.
- Would not require filing a difference with ICAO.

(2) Disadvantages.

- Would reduce the market for manufacturers of such equipment such as the PLASI and the Aireneo VASI.

5. RECOMMENDATION. Option (c) is recommended with option (d) as the second choice. If either of these options is selected, then the AAS and AVS requests for R&D effort on this matter should be cancelled.

- o PLASI is a nonstandard facility. Federal funding of PLASI would promote and encourage (without supporting justification) the proliferation of nonstandard facilities within the NAS. Such support is contrary to past FAA policy.
- o It is also an established FAA policy to support international standardization of aviation facilities through participation in ICAO. The U.S. has not (as yet) proposed or supported the adoption of PLASI as an international visual approach standard facility for either helicopter and/or fixed-wing operations. On the other hand, FAA has actively supported adoption of VASI and, more recently, PAPI as the ICAO selected international standard visual approach facility.
- o There are a number of alternative nonstandard visual approach guidance facilities that are or have been promoted at one time or another by various manufacturers or other interests. These include, for example, T-VASI, POMOLA, GAIL, CAI, and the Aireneo system. Funding of the nonstandard PLASI system would establish a precedent and obligate FAA to evaluate all potentially marketable nonstandard facilities and to support their use with Federal funds based on the single criteria that such facilities are useable and effective.
- o Limited Federal resources used to promote nonstandard facilities would be better utilized in support of the operational superior and more cost effective U.S. and ICAO standard facilities.

RECOMMENDATION

On the basis that PLASI has not been demonstrated to provide either operational or economic advantages over the standard VASI or PAPI installations and Federal financial support would promote and encourage the proliferation of nonstandard facilities, it is recommended that PLASI installations remain ineligible for Federal funding under ADAP.

CONGRESSIONAL WITNESS

STATEMENT OF HON. PETE DOMENICI, U.S. SENATOR FROM NEW MEXICO

Senator ANDREWS. I had earlier said that the distinguished Senator from New Mexico, a very valued colleague on this committee and my chairman on the Budget Committee, a very respected Member of the Senate as a whole, we were going to hold the record open for his introduction of you, Mr. DeVore. We will do just that, only we will not have to hold it open very long.

Senator, glad to have you here and you may make your introductory remarks and the reporter will, by unanimous consent, put those in the proper sequence before the excellent testimony of your constituent, Mr. DeVore.

Senator DOMENICI. Thank you very much, Mr. Chairman.

I would ask that my introductory remarks be made a part of the record as if given.

Senator ANDREWS. They will be, Senator.

Senator DOMENICI. Then let me just do two things, and I will be very brief.

First, let me greet my constituent, Mr. DeVore, who is here. I have been a friend of his for a long time, and I am more convinced now than ever that he is absolutely right on this FAA issue. We have been working at it and around it for almost a year, and you have been very helpful, Mr. Chairman. With the information that he has given you today, some of which has come out of the Department of Transportation itself, I am convinced that it would be a serious mistake if we did not find some way to stop the implementation of that FAA order that he has discussed with you in great detail.

Second, I want to apologize for being late, both to you, Mr. Chairman, and to Mr. DeVore. I could not avoid it, and I thank you not only for waiting, but for permitting this testimony before your subcommittee. I hope that together we can help him and his company, because I believe he would be unjustifiably put out of business if Federal funding that we make available for airport improvements in this country is no longer available for his visual approach equipment. I think that would be a very serious injustice.

Thank you very much.

Senator ANDREWS. Thank you very much, Senator and Mr. DeVore.

Let me go on by saying that Senator Domenici is one of the very most respected Members of the Senate, and with him on your side you will have every opportunity to make sure that your concept, that your ideas will be as thoroughly explored as they possibly can be.

Good to have you here.

[The statement follows:]

STATEMENT OF SENATOR PETE V. DOMENICI

Mr. Chairman, I would like to thank the subcommittee for the opportunity to be here today to introduce one of today's witnesses, Mr. Gilbert De Vore. Mr. De Vore, whom I have had the pleasure of knowing for many years, is president of De Vore Aviation Corp., Albuquerque, NM.

Last year, Mr. De Vore testified before this very subcommittee, in support of the pulse light approach slope indicator [PLASI]. PLASI is a visual approach glide slope indicator manufactured and marketed by De Vore Aviation. The FAA approved PLASI for Airport and Airway Improvement Act funding in August 1982, yet a February 1985 FAA order rescinded that approval. In the name of standardization, the FAA decided to make only one approach system available for Federal funding.

Mr. Chairman, many members of the aviation community, both domestic and international, have indicated their preference for PLASI. Furthermore, the U.S. Air Force has approved PLASI for use at all Air Force bases.

I believe Mr. De Vore's comments will be of interest to the members of the subcommittee.

SUBCOMMITTEE RECESS

Senator ANDREWS. The subcommittee will now stand in recess until tomorrow, May 14, when we will convene at 10 a.m. to hear outside witnesses.

[Whereupon, at 12:25 p.m., Tuesday, May 13, the subcommittee recessed, to reconvene at 10 a.m., Wednesday, May 14.]

MATERIAL SUBMITTED SUBSEQUENT TO THE HEARING

[CLERK'S NOTE.—Subsequent to the hearing, the following letters and statements were submitted for the record:]

(195)

JOINT STATEMENT OF HON. J. JAMES EXON AND HON. EDWARD ZORINSKY, U.S.
SENATORS FROM NEBRASKA

WE WISH TO EXPRESS OUR APPRECIATION TO YOU FOR GIVING US
THE OPPORTUNITY TO SUBMIT A STATEMENT ON BEHALF OF OUR STATE'S
CAPITOL CITY, LINCOLN, NEBRASKA.

WE WOULD REQUEST YOUR SUPPORT OF THE CITY'S RAILROAD
CROSSING DEMONSTRATION PROJECT THAT THE CITY HAS UNDERTAKEN TO
ALLEVIATE HAZARDOUS RAILROAD CROSSINGS. THE CITY IS CURRENTLY
WORKING ON CONSTRUCTING A VIADUCT AT THE CROSSING OF "K" AND "L"
STREETS, THE THIRD SEGMENT OF A COMPREHENSIVE PLAN. YOUR PAST
EFFORTS AND ASSISTANCE ON THIS PROJECT ARE GRATEFULLY RECOGNIZED
AS THE CITY STRIVES TO COMPLETE THE THIRD PHASE OF THE PROJECT.

WE ARE REQUESTING THE REMAINING \$4 MILLION BE APPROPRIATED
TO ASSIST LINCOLN IN COMPLETING THE "K" AND "L" STREETS
EXTENSION. AS YOU WILL RECALL, FUNDING FOR THIS PARTICULAR
VIADUCT SPANS SEVERAL APPROPRIATIONS BILLS. IN 1984, WE

REQUESTED \$8.7 MILLION FOR THE PROJECT. YOUR SUBCOMMITTEE PROVIDED \$4.2 MILLION OF THAT REQUEST. IN 1985, NEEDING \$6.9 MILLION TO COMPLETE THIS PROJECT, THE CITY RECEIVED \$2.9 MILLION AFTER A GRAMM-RUDMAN-HOLLINGS CUT WAS MADE IN THE CONFERENCE COMMITTEE APPROPRIATION. THE \$1.8 MILLION DESIGNATED FOR LINCOLN IN THE FY 1985 APPROPRIATIONS BILL HAS ENABLED LINCOLN TO MOVE AHEAD WITH THE RIGHT-OF-WAY ACQUISITION. IN ORDER TO PROGRESS FURTHER, THOUGH, THE \$4 MILLION MUST BE ADDED FOR CONSTRUCTION ENGINEERING, UTILITY RELOCATION AND CONSTRUCTION. WE WISH TO EMPHASIZE THAT IF YOU APPROVE THIS APPROPRIATION REQUEST ON WHAT IS ALREADY A TWO-YEAR INVESTMENT, YOU WILL NOT SEE US AGAIN BEFORE YOUR SUBCOMMITTEE ON THIS MATTER.

TO BRIEFLY RECAP THE PROGRAM, LINCOLN'S PARTICIPATION IN THE RAILROAD-HIGHWAY CROSSINGS DEMONSTRATION INVOLVES THE CONSTRUCTION OF SEPARATION STRUCTURES SPANNING TRACKS INCREASINGLY USED BY COAL TRAINS AND OTHER HEAVY FREIGHT

CARRIERS. TRAFFIC FLOW ON THESE TRACKS IS PROJECTED TO ALMOST TRIPLE IN THE NEXT 20 YEARS. THE CITY BEGAN WITH A LARGE COMPREHENSIVE PROJECT WITH ESTIMATED COSTS TOTALING \$100 MILLION. NOW PROJECT PLANS HAVE BEEN SCALED DOWN TO THREE SEPARATE SEGMENTS COSTING SOME \$25 MILLION TOTAL. THIS IS THE LAST \$4 MILLION NEEDED TO COMPLETE THESE THREE SEGMENTS!

COMPLETION OF THE "K" & "L" STREETS EXTENSION IS CRUCIAL IN RELIEVING A TRANSPORTATION BOTTLENECK AND CONNECTING SOUTHWEST LINCOLN WITH THE CENTRAL BUSINESS DISTRICT. PRESENTLY, TRACKS WHICH SERVE THE HIGH VOLUME TRAFFIC OF THE BURLINGTON-NORTHERN COAL TRAINS AND OTHER HEAVY FREIGHT HAULERS CARRY AN ESTIMATED 36 TRAINS PER DAY, MOST OF WHICH ARE TRAVELING AT SPEED OF FIVE TO TEN MPH AND AVERAGE 100 CARS IN LENGTH. PEDESTRIANS MUST CROSS FIVE SETS OF TRACKS.

THE LACK OF CONVENIENT AND SAFE ACCESS TO THE BUSINESS SECTOR OF THE CITY HAS SEVERELY HINDERED ITS ECONOMIC

DEVELOPMENT. IT ALSO HAS POSED A SERIOUS PROBLEM FOR EMERGENCY POLICE AND FIRE VEHICLES WHICH NEED TO CROSS THE TRACKS TO GET TO THE RESIDENTS IN THE AREA. THE POLICE DEPARTMENT ESTIMATES THAT AT LEAST ONE POLICE VEHICLE PER DAY ON AN EMERGENCY CALL IS DELAYED BY A TRAIN. THE FIRE DEPARTMENT, WITH A ONE-TRUCK STATION WITHIN THE BOUNDARIES OF THE SOUTHWEST SECTION, EXPERIENCES MAJOR TRAIN-PRODUCED DELAYS ONE TO TWO TIMES PER MONTH. AMBULANCE SERVICES PERSONNEL QUOTED AN AVERAGE OF FIVE CALLS PER WEEK WHICH ARE HELD UP BY TRAIN CROSSINGS.

FINALLY, WE WOULD LIKE TO EMPHASIZE THE "K" & "L" STREETS EXTENSION'S MERITS OF ELIMINATING GRAVE SAFETY PROBLEMS AND ENHANCING THE DEVELOPMENT EFFORTS OF AN ENTIRE SECTION OF OUR CITY. INDEED, PROJECT COSTS HAVE BEEN SHARED BY LOCAL CONTRIBUTIONS AND THE FEDERAL GOVERNMENT ON THE BASIS OF A 60/40 SPLIT, WITH \$26.4 MILLION IN LOCAL FUNDS COMBINING WITH \$10.4 MILLION TO BRING THE PROJECT THIS FAR. WE ARE PLEASED AND PROUD

OF THE PROGRESS MADE THUS FAR WITH YOUR ASSISTANCE. WE HOPE FOR
YOUR FAVORABLE CONSIDERATION AND FURTHER SUPPORT THAT WOULD ALLOW
THIS PROJECT TO COME TO FRUITION.

JOINT STATEMENT OF HON. ALAN DIXON AND HON. PAUL SIMON,
U.S. SENATORS FROM ILLINOIS

The Federal-Aid Highway Act of 1973, Section 163 (a)-(k), established the Rail-Highway Crossing Safety Demonstration Program. Carbondale was one of the twelve cities nationwide originally named to participate in the program designed to study the feasibility of eliminating rail-highway crossing conflicts in urban areas. The Carbondale community is bisected by the Illinois Central Gulf Railroad's mainline tracks which run from Chicago to New Orleans, creating conflicts for approximately 70,000 vehicles per day at six highway at-grade crossings. In addition, the campus of Southern Illinois University at Carbondale is divided by the railroad tracks. There are approximately 20,000 pedestrians crossing over the railroad tracks and U.S. Route 51 every day in the campus area.

The Carbondale Railroad Relocation Project has been successful in constructing four "limited build" portions of the project. The "limited build" segments are those portions of the project that are justified on their own merit and do not rely on the overall railroad relocation plan for justification. A highway overpass crossing of the railroad in the southern part of Carbondale was completed in 1983. A new Rail and Bus Passenger Station was relocated in Carbondale's Central Business District and opened in 1981. The new station eliminated blockages of Illinois Route 13 by Amtrak trains stopped at the old depot. Construction of the U.S. 51/Murphysboro District Wye project in northern Carbondale is virtually completed. This project will provide for a four-lane highway facility and the realignment of the railroad wye tracks in the area to accommodate the future Rail Depression. The fourth limited build segment is the Southern Illinois University at Carbondale Pedestrian/Utility Overpass. The construction contract for this segment has been awarded and the work is underway. This completes the four "limited build" Projects and the City is now in a position to implement the final phase of the Railroad Relocation Project.

The City of Carbondale's final and major railroad relocation objective is the depression of the ICG Railroad's mainline tracks through the City. The construction plans for the Rail Depression are presently being prepared and will be completed in mid FY 86. The total estimated construction cost for the Rail Depression is \$52 Million. The Federal share, 95%, is approximately 49 Million. The City of Carbondale is aware for the current budget constraints in Congress. Therefore, the Rail Depression is being designed with the flexibility to commit the total Project or in phases that adapt to funding in multiple years. The attached work program lists the activities that would be initiated during FY 87.

The City of Carbondale has incorporated five major design alternatives into the Rail Depression plans that reduced the project cost by \$15 Million and mitigated the construction impact on businesses adjacent to the railroad corridor. When the recent cost reduction process is added to prior Value Engineering efforts on the "limited-build" segments, over \$18 Million have been saved by the Carbondale Railroad Relocation Project. The City is committed to completing the Carbondale Railroad Relocation Project in the most economical fashion while maintaining sound engineering techniques.

The Carbondale Community for many years has suffered the inconvenience and adversities of a major railroad operating through the middle of the city and campus of Southern Illinois University. The Carbondale Railroad Relocation Project enjoys wide community support in its efforts to eliminate the adverse highway, pedestrian and environmental impacts the existing at-grade railroad tracks produce through the central part of the city. The proposed Rail Depression will utilize the existing railroad corridor, thus eliminating the possible opposition from property owners who would be affected by the creation of a new railroad corridor around the city. The Rail Depression's unique approach distinguishes it from other railroad relocation alternatives in that it requires no displacement of homes and minimum business displacements. The Rail Depression alternative for railroad relocation in Carbondale eliminates many adverse impacts presented by other alternatives and this is reflected in the Project's "clean" Environmental Impact Statement and the community support for the Carbondale Railroad Relocation Project.

The construction of the Rail Depression in Carbondale will have a beneficial impact on the City and the Southern Illinois region. The elimination of the rail-highway crossing conflicts will provide safer roadways and eliminate

property losses, injuries, blockages that produce time delays, energy loss and obstacles for emergency vehicles. The construction will provide approximately 4,000 jobs with an estimated \$25 Million payroll during the four year construction period. The construction will utilize virtually every construction trade in Southern Illinois. In addition, the majority of construction materials will be supplied by businesses throughout Southern Illinois. The Southern Illinois economy will benefit greatly from the construction of the Rail Depression.

The City of Carbondale, Illinois Department of Transportation, Southern Illinois University at Carbondale and the Illinois Central Gulf Railroad are ready to implement the remaining portions of the project. These entities have committed tremendous resources and efforts to advance this Project to the point of implementing the final phase. In order to satisfy the intent of Congress in establishing the Rail-Highway Crossing Demonstration Program and to maintain the project's continuity, adequate funds need to be appropriated by Congress, with a commitment to complete this project. Carbondale's Project is one of the few Demonstration Projects that can be completed and should be funded in order that the Federally mandated "Before and After Studies" can be accomplished and the entire benefits of the Program realized, as intended by the Federal-Aid Highway Act of 1973. The fulfillment of the Carbondale Railroad Relocation Project will provide Congress, the Federal Highway Administration and other urban areas with railroad problems, an opportunity to study a unique solution to eliminating rail-highway crossing conflicts in urban areas.

Mr. Chairman and Members of the Committee, we respectfully request the next-year funding for the remaining component of the Carbondale project, totaling \$12.2 million. We are submitting a description of the work that this appropriation would make possible.

Thank you for your continued assistance for this needed initiative.

CARBONDALE RAILROAD RELOCATION PROJECT
Proposed Funding Program Prioritized - Federal FY 87

Contract #	Description	Federal (95%) (000)	Total* (100%) (000)
A-1	IOG Railroad Buildings Construction	1,425	1,500
T-1B	Temporary Trainway Finalization	380	400
IOGRR	IOG Railroad Force Account Construction	1,615	1,700
D-3	"North End" (Depression Construction)	665	700
D-5	"Rickory Street: (Depression Construction Storm Water Pumping Station)	4,465	4,700
O-2	SIUC Utilities Relocation Construction	1,045	1,100
D-2	"South End" (Depression Construction)	1,520	1,600
	Subtotal	11,115	11,700
	Administration & Resident Engineering	1,111	1,170
PROGRAM 1 TOTAL		12,226	12,870

We thank you for including our statement in your record of transportation appropriations proceedings. We appreciate your attention to Springfield, Illinois' participation in the Railroad-Highway Crossings Demonstration Program. On behalf of the Capital City Railroad Relocation Authority and the City of Springfield, we would like to bring you up to date on its activities and progress.

First, however, we want to express our thanks for your assistance in last year's supplemental. Your work was crucial in helping Springfield obtain the \$5.3 million it requested to proceed with its plan to remove a dangerous railroad segment from the City's neighborhoods.

Their environmental assessment was approved May 1 and the design report is expected to be completed before the month is out with final design beginning almost immediately.

With the beginning stages of Southwest Springfield's Usable Segment project completed, we now respectfully request \$7.4 million in construction funding for this year. The project would eliminate 4 dangerous grade crossings that are part of a high volume segment of the Norfolk & Western Railroad. This particular segment runs through a high density residential and mixed land-use area in Southwest Springfield whose residents have expressed a great deal of concern about the hazardous crossing. Access to much of this area is provided by a narrow underpass which has become dangerous to motorists, bicyclists, and pedestrians, and which has been the site of several fatal accidents in recent years.

The Railroad Authority's original entire rail relocation, approved by the Federal Highways Administration in 1983, would have cost approximately \$225 million. Taking fiscal constraints into consideration, the Authority looked at other alternatives and decided to proceed by identifying usable segments which would be less costly than fully implementing the ultimate relocation plan. The entire cost of this usable segment would ultimately

total \$22.6 million, of which Springfield has already received \$5.3 million.

In short, the Southwest Springfield Usable Segment is designed to relocate facilities of the Illinois Central Gulf Railroad and the Norfolk & Western Railway railroads into a single corridor on the periphery of the area. At present, these railroads dissect rapidly urbanizing areas of the City, disrupting traffic circulation and development patterns while causing numerous safety hazards and inconveniences.

To briefly summarize the project's objectives, the following benefits would result from its completion:

- o Safety—elimination of four grade crossings, one having a recent history of fatal accidents, as well as eliminating an existing substandard Norfolk & Western Railway bridge;
- o Economic—the existing pattern of rail lines divides what would normally be considered conventional trade areas of business. This project would improve access between residential and commercial areas, and
- o Environmental—removal of air and noise pollution for several residential areas with minor impact on one residential community; elimination of drainage and flooding problem by raising a major road's grade; relocation of railroads to lessen hazards of carrying toxic and potentially explosive materials through residential areas.

Mr. Chairman and Members of the Committee, we respectfully request, on behalf of the Citizens of Springfield and the Members of the Railroad Authority Board, that you earmark in your Fiscal Year 1987 appropriations bill the funds necessary for them to proceed with eradicating a dangerous railroad segment from the City's neighborhoods. We would greatly appreciate your continued assistance on this venture that you helped us launch last year.

STATEMENT OF HON. BOBBI FIEDLER, U.S. REPRESENTATIVE FROM CALIFORNIA

Mr. Chairman, I would like to thank the Committee for allowing me to submit this statement expressing my opposition to the proposed Wilshire Corridor Subway in Los Angeles.

When I first publicly came out against the proposed Metro Rail subway in Los Angeles, I was a lone voice in the wilderness. Since 1983, I'm proud to say that I have been joined by a chorus of public officials from President Reagan to Congressman Waxman, obviously individuals from both sides of the political spectrum. From the very beginning, people have been against this waste of their tax funds. Yet the local politicians refused to allow the voters a referendum on the project.

The reasons for opposing Metro Rail are simple. First, it will not carry enough riders or serve enough people. Second, it costs too much, and third, it is a disaster waiting to happen.

The R.T.D. originally estimated that more people per mile would ride its subway than ride the New York subway. These estimates were made for the R.T.D. by the same company which estimated the Miami system's ridership. Today, the Miami system is carrying a bare ten percent of the riders predicted. What this means to the taxpayer is a massive subsidy to operate the system. For example, the American taxpayer is already subsidizing the Washington, D.C. subway's operation to the tune of \$200 million per year. Can you imagine what the Los Angeles subsidy would be?

The cost to construct the Metro Rail subway is also excessive. When I first voiced my opposition to the subway, the estimated costs were \$100 million per mile -- the most expensive project of its kind ever proposed. Now the costs have escalated to \$300 million per mile and not one shovelful of earth has been turned.

I would also like to inform the Committee that there are indications that the State commitment to this project is declining. In the California State Assembly, Assemblyman Dennis Brown has introduced AB 4193, which would deny all state funds for the Metro Rail project. That bill is currently before the Assembly Transportation Committee. Assemblyman Brown, as Chairman of the Subcommittee on Transportation of the full Committee on Ways and Means, is also holding hearings on April 30, 1986 on the question of whether to reauthorize \$27 million in state funds already authorized for the Metro Rail subway. Given these developments,

is it prudent for the federal government to enter into a major contract for the Metro Rail subway when continued state funding is in doubt?

Finally, I would like to touch on the safety aspects of constructing the Metro Rail project through areas with methane gas deposits. Last April, a methane gas explosion in the Fairfax area injured twenty two people. Subsequent to that event, the City of Los Angeles convened a blue ribbon panel to study the risk of methane gas explosions in constructing the Metro Rail system. In February, the Technical Review Committee on Metro Rail concluded that the R.T.D.'s plans are inadequate to locate undetected oil wells, prevent rupture by a tunnel excavator, or predetermine the potentially explosive levels of gas that would be encountered. The Review Committee of ten expert geologists and engineers found that the R.T.D. did not have a sensing device or method to insure a reasonable level of safety during construction. Quite the contrary, throughout their hearings and review of the project, the panel described the extreme dangers and compounded risks of going ahead with construction with the UMTA-approved plans for tunneling through MOS-1.

In addition to these problems, the Committee cited the R.T.D.'s failure to have a tunnel liner that would be impermeable to water and explosive gas leaks; their inability to locate and avoid currently unknown but potentially active earthquake faults; and inadequate analysis of an earthquake's impact on the subway, passengers and surrounding community.

In all, the Committee cited eleven technical problems with the R.T.D.'s construction plan for the Metro Rail system which could have catastrophic consequences in the event of a methane gas explosion. I have attached a copy of these eleven problems for the Committee's perusal.

On April 23, 1986, in a hearing before the Transportation Subcommittee of the House Committee on Appropriations, John Dyer, General Manager of the Southern California Rapid Transit District, stated that it would cost no more than 5 to 6 million dollars to implement the R.T.D.'s solutions to the technical problems outlined by the Review Committee. I have enclosed a copy of the hearing transcript (see pages 133-135). Subsequently, I contacted Dr. James Slosson and Mr. James McAteer who both served on the Review Committee. Both these gentlemen were sceptical of the \$6 million figure and I have attached statements from both regarding this question.

In my opinion, UMTA has a legal obligation to conduct a new

Environmental Impact Statement on MOS-1 addressing each environmental and safety issue raised by the Technical Committee, before any final contract negotiations proceed. The National Environmental Policy Act requires a Supplemental Environmental Impact Statement when there are significant new circumstances or information relevant to environmental concerns and bearing on the proposed action or its impact (40 CFR 1502.9). Those circumstances now exist, and information has been brought forward that clearly contradicts the Final Environmental Impact Statement and subsequent FONSI on Metro Rail in 1984.

In conclusion, I would argue that any objective analysis of this proposed subway would show that it should not be built on both budgetary and safety grounds. There are sensible alternatives for rapid transit in the Los Angeles area. City Councilman John Ferraro has presented a light rail plan that makes much more sense than the subway, and could be built for 10 percent of the cost. Don't pour the future of mass transit in Los Angeles down a four-mile hole in the ground.

Metro Rail Technical Committee
Report Issues

1. A rush of methane gas at higher pressures than found during the Ross explosion could be encountered during construction if an abandoned oil well is struck. Neither Metro Rail nor Cal-OSHA has adequately planned for drilling into abandoned oil wells along the tunnel path. According to panel members such an event has a high probability of occurring because of the unusual number of uncharted oil wells in the area.
2. An active fault may be encountered during tunneling construction. Metro Rail has inadequate procedures for identifying the existence of active faults. The misidentification of an active fault has been mentioned as part of the reason for the Sylmar Tunnel explosion that killed seventeen men.
3. More information needs to be gathered on the groundwater table in the area to determine whether methane gas is under pressure which can present a danger of methane gas at explosive levels.
4. Metro Rail has inadequately assessed the ability of the concrete tunnel liners to transmit water and methane gas into the tunnels. Geologic conditions in the area need to be tied to tests on the likelihood of methane gas and water traveling through the concrete into the tunnel.
5. Metro Rail has not adequately planned for the evacuation of the handicapped during the operation of the subway. Metro Rail management said they plan to rely upon other patrons to evacuate handicapped riders during a major emergency.
6. The monitoring of methane gas has been inadequately addressed. Metro Rail plans to monitor methane gas only at exhaust fan points and not within specific points of the tunnel. This monitoring approach will not quickly identify "hot spots" and allow for fast reaction during operation of the subway.
7. Metro Rail has not provided for any automatic override of the normal operation of the ventilation system. This can be a problem if methane gas is detected and employee action fails to reduce concentration and pressure of the gas to nonexplosive levels.

8. No backup ventilation has been provided to exhaust methane gas in the event of an earthquake.
9. Metro Rail has not adequately planned for warning and alarms to ensure worker safety during construction.
10. The construction of the tunnel shell includes a requirement for grouting seams which is not adequate to seal the tunnel from methane gas.
11. The Metro Rail consultants have said that tunnel collapse is possible if seismic shaking exceeds .6g which a recent Department of the Interior report has said is likely in Southern California. Metro Rail has not adequately planned for this kind of seismic event.

MEMO FROM JAMES E. SLOSSON, CHIEF ENGINEERING GEOLOGIST, SLOSSON
AND ASSOCIATES

April 28, 1986

TO: Congressman Larry Coughlin
2467 Rayburn HOB
U.S. Capitol
Washington, D.C. 20515

SUBJECT: Los Angeles Metro Rail Subway

This memo related to the April 23rd hearings of the Subcommittee on Transportation of the House Committee of Appropriations is being prepared at the request of Congresswoman Bobbi Fiedler. Having been one of the members of the "Independent Technical Review Committee Evaluation of the M05-1 Portion of the Los Angeles Metro Rail Project", I would like to respond to comments by SCRTD personnel regarding implementation of recommendations prepared by the Independent Technical Review Committee.

Reference will be made to those recommendations where I believe the responses and/or proposed procedures may have been inadequate:

"Recommendation 1: The SCRTD should conduct additional studies and research to improve the method of locating uncharted oil and gas wells before they are encountered and ruptured by a tunnel excavator and establish a procedure to abandon any oil or gas well encountered."

To the best of my knowledge, this recommendation has not been adequately addressed. Methodology to probe ahead of tunnel excavation may require 1 to 2 hours for each 22 to 24 hours of excavation. This could effect work progress as I know of no methodology where the probing (exploration) can be accomplished during active excavation. Thus, a time factor and in turn cost factor for this shut down and obvious lengthening of construction time needs to be added to the construction cost estimate.

"Recommendation 2: The SCRTD should undertake additional study to determine the effects that the geological environment surrounding the tunnel route will have on the amount of water and gas likely to penetrate the tunnels. A more thorough study of the characteristics of the oil and gas reservoirs in the vicinity of the route should also be undertaken."

The study may require months of research in as much as the geologic data provided to date took considerable time. This data must be provided prior to commencement of excavation to be of any value for design and construction planning.

"Recommendation 6: The SCRTD should assign a certified engineering-geologist to be stationed at or near the working face of the tunnel at all times to inspect and log tunnel geology so as to obtain accurate information and interpretation in a timely manner about geologic conditions encountered such as methane pockets, ground-water, and changes in geologic conditions exposed during tunnel construction.

In addition, the SCRTD, if it has not already done so, should develop a contingency plan that will establish the criteria against which faults encountered during construction will be judged as potentially active or inactive and establish a procedure whereby the concrete tunnel lining will be replaced by specially designed steel lining when a fault classified as active is encountered."

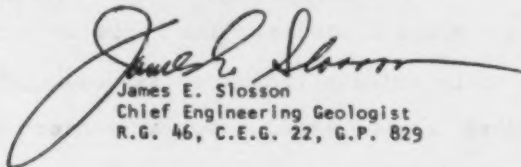
This recommendation has not been properly addressed. SCRTD has stated that they will have a certified Engineering Geologist on duty. This provision is not a responsible answer to the recommendation. Experience in collecting geologic data during excavation shows that the side walls of the tunnel must be cleaned by hand to expose the earth materials. This data can also be achieved by drilling ahead of each 24 hour excavation program. SCRTD officials have stated that they can not provide the time necessary as either method would require a shut down of excavation equipment for each 24 hour segment of tunnel excavation.

It appears from comments to date that SCRTD has not properly addressed this very important recommendation. If implemented, the time of tunnel excavation could be lengthened or extended by 5% to 10%. Recommendations 1 and 6 could be combined utilizing similar drilling equipment and time. If implemented as the Technical Review Committee recommended, the combined effect on time extension and cost extension would be equal to a lengthening of construction time by 10%. This time/cost overrun may easily exceed the \$6 million increase in cost to which the SCRTD official referred.

"Recommendation 9: The SCRTD should review its plans for backup power supplies and utilize fixed or mobile generators to supply emergency power for the ventilation and dewatering pumps in critical areas."

During the discussions between the Committee and SCRTD Officials, SCRTD informed us that they had not considered a back-up power source because the cost was prohibitive. What was their cost estimate then and what is it now?

In conclusion, Recommendations 1 and 6 have not been properly/adequately addressed. The added cost for implementation of Recommendations 1 and 6 may increase the time factor for tunnel construction by 10%. The cost for back-up power source should be provided as per earlier discussion; it is a significant cost.


James E. Slosson
Chief Engineering Geologist
R.G. 46, C.E.G. 22, G.P. 829

LETTER FROM J. DAVITT MCATEER, DIRECTOR, OCCUPATIONAL SAFETY AND HEALTH
LAW CENTER

March 4, 1986

Editor
LA Times
Times Mirror Square
Los Angeles, CA 90053

Dear Editor:

In light of the tragic Challenger flight, we should re-open the question of the safety of the proposed Los Angeles subway. It may seem that subways and space flight have nothing in common. But both are complex systems requiring sophisticated management decision-making skills, which must be maintained without compromise over time and under pressure. Any standard less exacting invites trouble.

Late last year, the Independent Technical Review Committee was empanelled to review the narrow question of whether the plan for the subway as currently proposed was safe. As a member of the committee, appointed by Rep. Henry Waxman, I participated in two days of meetings which attempted to review the five years of planning for the Southern California Rapid Transit District (SCRTD). In January, the chairman of the committee reported its findings to the City Council. Those findings, as reported in this newspaper and in the media generally, gave the project a clean bill of health. But media accounts can be inadequate to address complex subjects. The media by necessity must find ways to summarize complex technical issues, yet the safety issue related to the Los Angeles subway project does not lend itself to such simplification.

Our committee found 13 major safety areas of concern. (In addition, an SCRTD in-house committee -- the Independent Review Board, commonly referred to as the "Critchfield Committee" -- issued a report in October, 1985, calling for numerous substan-

tial changes in the project to attempt to improve it, safety and health standards and criteria.) The SCRTD accepted each of our concerns as valid, and said it would do a more thorough and complete job of addressing each subject.

All well and good. But good intentions do not always prevail against the encroachment of conflicting managerial priorities -- such as cost-cutting, timetable-meeting, and inertia. It should be kept in mind that the Challenger's solid rocket booster O-rings met their design criteria -- yet they appear to have failed in practice, perhaps because of inadequate managerial vigilance. By the same token, the points raised and supposedly addressed by the SCRTD's acquiescence may not, as a practical matter, be as easily resolved when the project is actually undertaken.

It is frequently stated that this subway is the most thoroughly studied project in Los Angeles' history. Yet the need to address 13 substantive areas of concern raised by our committee points to a failure of SCRTD planning which raises serious concerns about the prospects for developing and operating this project safely.

The proposed modifications are significant, both from the health and safety standpoint as well as from a cost perspective. For example, the requirement that all tunneling equipment be permissible (i.e., meet federal standards for control of sparking) constitutes a significant modification of the plan as it exists.

Our committee considered whether it was feasible to build a tunnel 4.4 miles long, the first leg of the subway -- and concluded that for several reasons it is a complex and potentially dangerous undertaking. This tunnel is different from other subway projects both in the southern California area and elsewhere throughout the United States. I might emphasize, for the record, that it is unique.

First, no other subway system has attempted to drive through known abandoned oil and gas fields. SCRTD's consultant acknowledges that "ten other transit authorities were contacted...no gases had been encountered in their underground construction activities." None of the committee members had any knowledge of or experience with such a subway tunneling project driven through similar terrain. No other subway system, foreign or domestic, was identified which had encountered both methane gas and abandoned oil wells. These are hazards which create a high degree of risk -- first for construction workers and then quite possibly for subway riders.

Moreover, the existence along the proposed route of active and inactive faults increases the risks involved, in light of potential earthquake activity. Our discussion of seismic occurrences resulted in a recommendation for more study. In its calculations, SCRTD had assumed that 0.69 would be the outside limit for quake activity. That assumption is now disputed by the United States Geological Survey.

Bear in mind that the Los Angeles subway is to be driven through a methane gas field. The methane gas cannot be plotted or otherwise accurately located in advance of construction. Pockets are likely to be encountered in many parts of the 18-mile route and will without doubt have accumulated in the old and abandoned oil wells scattered throughout the route. No proven method exists with which to pinpoint these abandoned oil well casings before they are encountered by high-speed boring machines. (Representations by Los Angeles City Council - Office of Legislative Analyst staff that a new method exists for detecting wells ahead of drilling are not supported in the scientific or technical literature.)

This methane problem is encountered in coal mines throughout this country and abroad. When a well casing is penetrated by a boring auger operating at high speeds, sparks are created, and if

methane gas is present under pressure, there is a very real possibility of an ignition and explosion. Thousands of miners have been killed by methane explosions. The committee attempted through its recommendations to minimize the possibility of explosion. But the explosion possibility remains real, and no committee can remove it entirely.

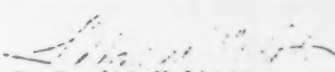
A second concern is that methane can accumulate within the subway atmosphere after the system becomes operational. The striking of a match (or the sparking of a subway car's brakes) could then be the ignition source. To prevent methane accumulation, SCRTD proposes to wrap the subway in a plastic bag, a technique never before tried. Steel casings -- the tried and true method -- were rejected as being too expensive. Plastic will, in theory, keep out the methane. Because there is no experience with this technique, we don't know if it will work. The plastic liner may be punctured or damaged during installation; acids may deteriorate the plastic and compromise its effectiveness. We simply do not know.

In mines, forced ventilation is required to reduce the risk of a methane buildup. The Los Angeles subway proposes to rely on the movement of the trains to create drafts to ventilate the gas. In mines, virtually constant monitoring by employees is required to detect the buildup of gases; the proposed subway plan calls for a computer-monitored system to read the levels every 15 minutes. A 15-minute interval in a mine or a tunnel could be disastrous, but subway officials, although inexperienced in methane control, assured all concerned that the time lag will present no serious safety problem, because they calculate that only insignificant amounts of methane will accumulate.

Each of these hazards standing alone is significant, but in combination they call into question the advisability of the overall project. Our findings raise sufficient questions as to whether this project should go forward when alternatives, such

as above-ground light rail, exist. Cost and other comparisons of alternative systems were outside our committee's purview, and expertise, but the issue should be fully debated.

Los Angeles needs a good mass transportation system. The subway is one option. It will be expensive and dangerous. Alternatives exist which may be both cheaper and safer. The public must decide. Our committee tried to address the safety questions, pointing out shortcomings -- no more, no less. But the basic question of whether such risks are necessary is one that demands greater attention by the public and by responsible officials.



J. Davitt McKeeteer
Director

STATEMENT OF JOHN J. KING, CHAIRMAN, METROPOLITAN TRANSIT AUTHORITY OF
HARRIS COUNTY, TX

Good morning, Mr. Chairman and Members of the Subcommittee. I welcome the opportunity to appear before you today. I will discuss the recent accomplishments and future plans of the Metropolitan Transit Authority of Harris County, Texas (Houston METRO) and describe our new start funding request for the coming fiscal year.

I appreciate the commitment of the Chairman and Members of this Subcommittee in providing a sound federal mass transit assistance program which has enabled METRO to improve and expand its facilities and services for the citizens of the Houston area. We are proud of the achievements you have helped make possible in Houston and we take pride in our ability to combine federal, state, and local funding resources to develop cost effective transit projects.

North Freeway Transitway Expansion and Improvements

For FY 1987, METRO is requesting an appropriation of \$47 million in Section 3 funds to extend and improve the North Freeway Transitway started in 1982. This amount represents 50% of the total estimated project cost of \$94 million. The balance of the funds will be provided by METRO and the Texas State Department of Highways and Public Transportation (SDHPT). The project will be implemented jointly by METRO and SDHPT.

The project includes a 5.6 mile extension of the North Freeway Transitway designed to carry buses and vanpools in the median of Interstate 45 from Beltway 8 to FM 1960 (Exhibit A). The North Freeway itself will be expanded from six to ten lanes. The project also includes new transitway access facilities from existing METRO Park & Ride lots and a new Park &

Ride facility at Stuebner-Airline. Upon completion, the North Freeway Transitway will extend 21 miles from downtown Houston to FM 1960.

Five-Year Capital Improvement Program

The planned extension of the Northwest Freeway Transitway is an integral part of METRO's current \$600 million Five-Year Capital Improvement Program. This Program includes construction and operation of almost 70 miles of transitways along regional freeway medians, with associated Park & Ride lots, transit centers, bus operating facilities, improved local bus service, and improvements to downtown streets and traffic improvements jointly funded with other agencies. These transitways and related improvements represent the first phase of METRO's Regional Transit Plan.

METRO's five-year transitway program is outlined in Exhibit B. Transitway operation began in Houston on the Katy (I-10) and North (I-45) Freeways in 1984. The North Freeway Transitway, currently 10 miles long with a five-mile extension underway, carries over 14,000 passengers per day. It is projected that daily ridership will increase to 25,200 passengers with the planned extension. The first phase of the Katy Freeway Transitway opened in the fall of 1984 and is now carrying 6,600 passengers per day.

Last year, Congress appropriated \$54.75 million in Section 3 funds to complete METRO's Northwest and Southwest Transitway construction projects. Construction is expected to begin on the Northwest Transitway in August 1986. The transitway will be completed by April 1988 and will carry up to 6.5 million passengers annually. Preliminary engineering for the Southwest Transitway is underway, and construction is expected to commence in April 1987. When fully operational in 1990, the Southwest Transitway will cut rush hour travel time from the I-610 Loop to the western limits of the city by two-thirds. The total cost of the two transitways is \$210

million, with \$105 million provided by UMTA and \$105 million derived locally.

Development of a Regional Transit Plan

In October 1984, METRO proposed to the public in conceptual form a Regional Transit Plan developed in cooperation with other transportation agencies in the region. The plan consists of METRO's ongoing Five-Year Capital Improvement Program, followed by a second phase involving a loop system to connect the radial transitways currently under construction.

METRO conducted public meetings on the plan throughout the region. After due consideration of the public comments, the METRO Board decided in June 1985 to recommend a long range plan providing for improved and expanded bus service with transitways connected to major employment centers by a light rail loop. Because revisions were necessary in certain geographic areas of the city, the Board withheld formal adoption of the plan pending further staff work.

The recent deterioration of the Houston economy due to falling oil prices has created uncertainty as to the economic assumptions upon which the Regional Transit Plan is based. For example, the impact of current economic conditions on population, employment, sales tax revenues and ridership is not yet fully known.

In order to assure continued progress in implementing the Regional Transit Plan, the METRO Board has adopted the Plan with certain revisions and has instructed the METRO staff to conduct a detailed alternatives analysis of the proposed loop project. This will ensure that the project attracts a high level of ridership and proceeds on a solid financial footing.

METRO plans to continue with development of the transitways which form the basis of the Regional Transit Plan. As evidenced by the success of our existing transitways, these facilities will be a necessary part of any comprehensive transit system for the region. On behalf of the citizens of our service area, I respectfully request the Subcommittee's continued support of our programs and funding request.

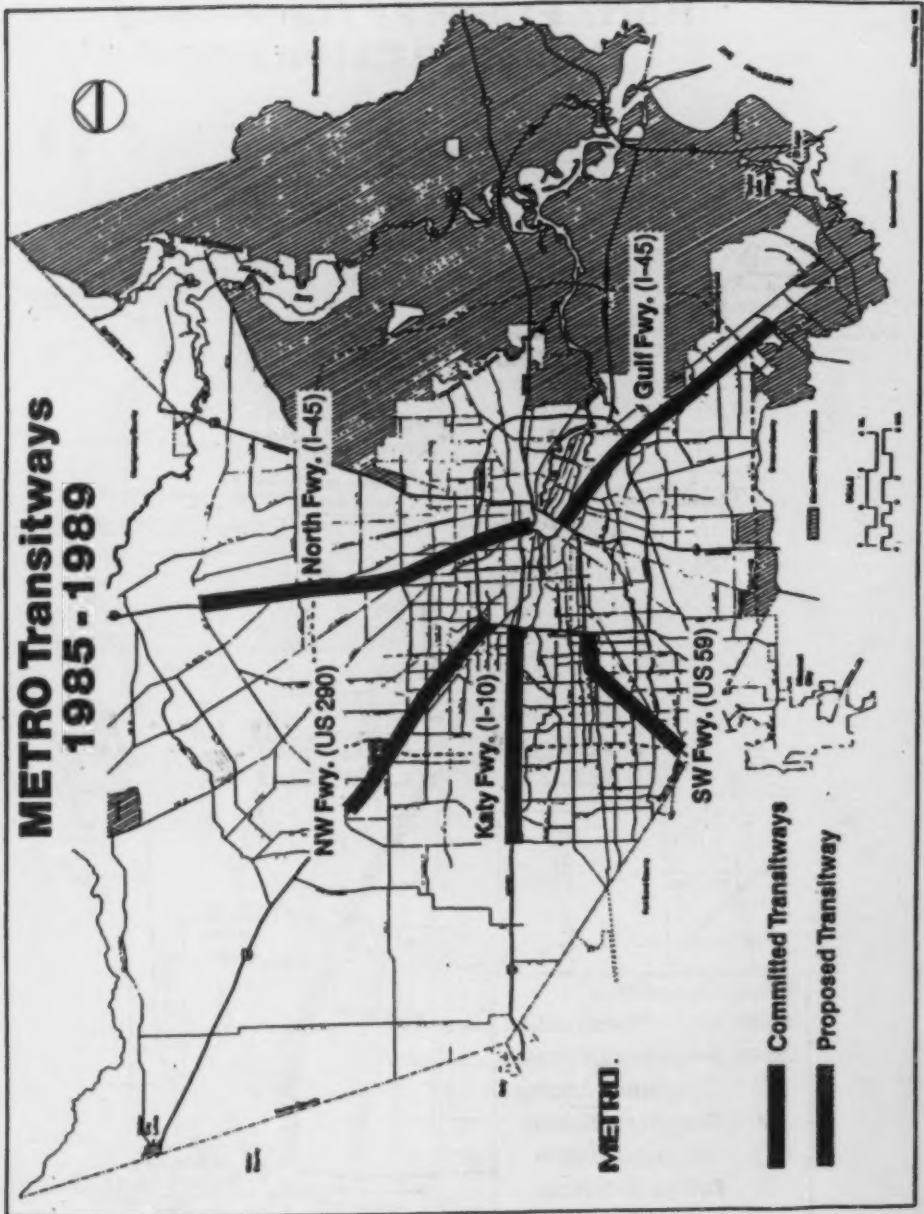
Thank you again for providing me the opportunity to appear before the Subcommittee. I would be pleased to answer any questions you may have.

[EXHIBIT A]

North Freeway Transitway Proposed Extension



[EXHIBIT B]



STATEMENT OF TOM V. PARKER, CHAIRMAN, NATIONAL ASSOCIATION OF GOVERNORS'
HIGHWAY SAFETY REPRESENTATIVES

Mr. Chairman, I am Tom V. Parker, Chairman of the National Association of Governors' Highway Safety Representatives (NAGHSR) and the Governor's Highway Safety Representative in the State of Arkansas.

NAGHSR, through the guidance of its entire membership and Executive Board, operates in the area of highway safety on behalf of the States, Territories, and the District of Columbia, with the Congress and the Executive Branch. By memorandum of agreement, NAGHSR is the highway safety support affiliate of the National Governors' Association. The Association acts as a central dissemination point for information concerning legislative and administrative activity affecting the States' highway safety programs.

The members of NAGHSR manage state highway safety programs, primarily those funded with Federal seed dollars through the State and Community Highway Safety Grant program (Section 402, Title 23, U.S.C.), commonly referred to as the "402" program.

Also, Governors' Highway Safety Representatives are involved in the management and development of other important highway safety programs in their states, including the Section 408 Alcohol Safety Incentive Grant program, and the Motor Carrier Safety Assistance Program (MCSAP).

Much has occurred in the last five years in the complicated field of highway safety to change the way we approach our work in the states. Never before has so much public attention been focused on the ever-present problems of drunk and drugged driving, and on the great need for maximum occupant protection and effective speed control. States and communities continue the battle to keep the impaired driver off the roads, to make mandatory the wearing of safety belts (now in 24 states and the District of Columbia), to assure proper usage of child safety

seats in all 50 states and D.C., and to reduce excessive vehicle speeds.

New opportunities present themselves as major highway safety issues emerge. Truck safety is on the "front burner", particularly as regards needed truck driver licensing and testing changes. The population of elderly drivers increases each year, which is already having an effect on how states conduct their highway safety business, and is sure to have even more far-reaching ramifications as we approach the 21st century.

As these old and new issues remain and grow, and as identification of highway safety problems and countermeasures becomes more sophisticated, the community of people who worry about such issues -- including this committee and other in Congress with concerns about the enormous fatality and injury tolls on our nation's highways each year -- has major responsibilities to respond. As pressures increase on the highway safety community, both as a result of Gramm-Rudman-Hollings budget cuts and the broad range of important issues to be addressed, the 402 and other federally-funded programs become even more vital to sustaining progress at the state and community level.

Highway Safety Funding

NAGHSR's position has always been that the 402 program should be fully funded, at the authorized level of the program. We realize that obligation ceilings are traditionally placed on programs funded from the Highway Trust Fund, including 402.

The 402 program administered by the National Highway Traffic Safety Administration (NHTSA) has been funded for the past few years, as follows:

In FY1985, the program was authorized at \$126.5 million, and an obligation ceiling of \$126.5 million was placed on the program;

In FY1986, the program was authorized at \$132 million, and the obligation ceiling for the program was frozen at FY1985 levels, therefore at \$126.5 million;

Gramm-Rudman cuts of 4.3% in March 1986 for the FY1986 program resulted in program levels for the remainder of FY1986 at an annual rate of approximately \$121 million.

The Administration's request for the FY1987 NHTSA 402 program is \$110 million, representing a 13-14% cut from current levels.

Our Association polled its membership in February 1986 regarding the effect of cuts required under Gramm-Rudman-Hollings. Results of that survey indicate that over half the states (of 41 responding to the survey) were able to absorb the 4.3% cut in their programs without major long-range harm. One-fourth of the states made across-the-board cuts in all projects, and in one-eighth of the states, particular projects were eliminated entirely. Programs eliminated included alcohol countermeasures and public information and education grants.

When asked what would happen should the 402 program ultimately be funded at the level suggested by the Administration (\$110 million), many more states indicated a detrimental effect. It appears the most significant impact would be felt in alcohol safety programs, emergency medical services and police traffic services.

Once hypothetical funding levels declined below \$110 million, program and project reductions increased dramatically, negatively effecting all highway safety project areas.

Given the current climate for federal budget deficit reduction, we cannot expect valuable, although limited federal highway safety dollars made available for state and community programs to increase. Highway Trust Fund dollars originate as user fees, and we would argue that the American people expect the

roads, wherever they travel, to be as safe as possible. At the very least, we feel strongly that the current program level -- \$121 million -- should not be decreased at all.

[At this point in the legislative and budget cycle, no highway/highway safety authorization bill for FY1987 has been adopted by the Congress. Therefore, no authorization levels for FY1987 for the 402 program are in place. Our position remains the same as always, that the 402 program should be fully funded, up to the maximum of the authorization level. We will notify this committee of any alterations in our position presented to you today, should we know FY1987 authorization levels in a timely fashion.]

We also strongly support adequate funding levels for the 403 "research and demonstration program, which provides us at the state and local level with new techniques and tools for safety training and other innovative, lifesaving programs. 403-funded research supports 402 by providing state-of-the-art information for ongoing projects. For example, the techniques for identifying intoxicated drivers known as "eye gaze nystagmus" was validated with Section 403 dollars. To date, over 1,000 police trainers have been trained. Gaze nystagmus has become a most useful tool for DWI enforcement.

Major Progress

A second part of our February survey of the states focused on stewardship of the 402 program in the states. We are proud of the results achieved through excellent management of this federal-state partnership, and we aspire to more progress in future years.

The preliminary results of this data-gathering process on the effectiveness of the 402 program have been summarized in a report that we attach to this testimony. We have entitled the report, "A Unique Federal-State Lifesaving Partnership. . . At The Crossroads", and wish to point out just a few impressive

points from it. [The entire report will be submitted for the record of these hearings].

Our Context

In this testimony, we have attempted to describe the picture for highway safety in the short term; particularly as effected by federal funding. In our "Program at the Crossroads" report, we have taken some credit for progress made in highway safety and explained how we see the program working and achieving results in the states.

Several features of our current environment are shaping highway safety's priorities and programs, such as:

1) Economic and political trends in the United States are tending to reduce investment in government programs, particularly at the federal level. At the same time, the public response, and support for highway safety is the strongest in the history of the national program.

2) Maintaining the coordinating function of the single state highway safety agency, as envisioned by Congress in the original Highway Safety Act of 1966, is a continuing challenge, yet remains the vital key to innovation and comprehensive planning for state and community highway safety programs.

3) Highway safety is becoming more controversial as certain measures, like minimum drinking ages, limitations on alcohol sales or advertising, mandatory safety belt laws and other measures are proposed by an increasingly determined public. Governors' Representatives act as conveners of interested parties at state and national levels, providing a mechanism for thoughtful deliberation of public policy.

4) More organizations are becoming interested in highway safety, and NAGHSE seeks to facilitate their collaboration.

Our Association's members work within such a context, for the betterment of the nation's highway safety program. We have

suffered several funding fluctuations since the inception of the 402 program two decades ago, yet feel there is no better time than now for achieving the goals we have set out for ourselves. We hope this committee will agree to give us the funding tools needed to continue this important mission.

**A Unique Federal-State Lifesaving Partnership . . .
at the Crossroads**

I. Introduction

Motor vehicle crashes rank fourth among causes of death in the United States, behind heart disease, cancer and stroke. Vehicle crashes are the leading cause of death for Americans under age 40.

For more than 20 years, federal and State governments have been engaged in a remarkable partnership that has helped to reduce the motor vehicle death rate from 5.5 fatalities (per 100 million vehicle miles traveled) in 1968, to 2.48 in 1986.

Accompanying the savings in lives have been corresponding economic savings: directly—by reducing demands on police, emergency medical personnel, trauma centers and hospitals, and workers compensation; and indirectly—by reducing demands on public welfare, social security and survivor benefits, lost income taxes, rehabilitation costs and lost job productivity.

Today the program is at a crossroads, poised at the threshold of significant advancements, but threatened by potential reductions in the State and community grant program authorized by Section 402 of the Highway Safety Act.

This document describes breakthrough opportunities created by the State and community grant program and looks behind the scenes at the crucial role of the Federal-State partnership in enabling communities to reduce the tremendous losses caused by motor vehicle crashes.

II. How the 402 Program Addresses Critical Needs for Achieving Crash Reductions

The 402 program is a catalyst for helping to create the environment, and provide technical and strategic financial support to enable States and communities to design, implement and evaluate increasingly effective life-saving programs.

Specifically, the Federal-State partnership under Section 402 of the Highway Safety Act:

1. Provides technical and financial assistance for developing comprehensive highway safety programs at the community level.

This involves maintaining the momentum of alcohol and occupant protection programs and expanding them to include the full range of local traffic safety programming, including emergency medical services, motorcycle safety, pedestrian safety, and so on.

2. Provides an information system that serves the needs of people working in highway safety programs at all levels.

Through information exchange, those who work in community agencies know who around the country is doing what, and with what results.

3. Evaluates and documents the effectiveness of highway safety technology and disseminates these findings.

Operating from a systematic framework to describe what works and what doesn't work in highway safety countermeasures, professionals in various disciplines can continue to measure their achievements and advance the state of the art.

4. Establishes a constituency for vigorous traffic safety endeavor at all levels of government.

A coordinated network at the national level links State and local affiliates so that organizations working at the grass roots can join in common cause on highway safety issues.

III. The Key Role of Governors' Representatives

The keystone of the partnership established by enactment of the Highway Safety Act of 1966, is the Governor's Highway Safety Representative in every State and Territory.

As envisioned by House Report 1700 accompanying the 1966 Act, the Governors' Representatives and their staffs employ relatively limited federal grant funds to stimulate innovative highway safety efforts at both State and community levels. They play a key role in identifying crash problems, establishing priorities among potential solutions, and coordinating Statewide efforts across various agencies and professional disciplines. In addition, they conduct educational activities to assure public understanding, which is critical for winning the cooperation of the mass of drivers operating on our streets and highways.

Following are examples of the crucial role played by State Highway Safety Agencies, many of whom are funded almost entirely by federal funds under Section 402.

Mississippi's Governor's Office of Highway safety has grown from a simple grants administration office to one that facilitates the functioning of the total highway safety system in the State. It has two primary goals: first, to bring about cooperative planning among agencies at the state level, and second to provide technical assistance to communities to accurately identify problems and promote cooperation among local agencies in planning solutions and allocating resources.

Arizona's Governor's Highway Safety Office launched a cooperative approach to highway safety public communications in the State. The office convened all agencies, public and private, that conduct safety campaigns. As a result, this interagency group is planning year long safety education efforts with clear roles and responsibilities based on the abilities and resources of each of the organizations.

In the State of Washington, the Office of Highway Safety has helped sixteen communities to organize task forces of officials and citizens to plan long-term alcohol countermeasure programs. The Office has also established Statewide networks among health care facilities for public education, including 110 centers which loan child safety seats to new parents. In addition 37 communities have mounted comprehensive educational and incentive programs to promote the use of safety belts.

In Kentucky, an investment of 402 funds to support increased law enforcement in the State's largest city has led over a four-year period to establishment of a fully comprehensive program financed exclusively from local funds.

In North Carolina, the Governor's Representative's office helped reverse the State's drunk driving laws, promoted increased enforcement, and initiated a Statewide educational program for DWI offenders, which has become self-supporting.

Utah's Governor's Representative Office was instrumental in enacting a presumptive level for drunk driving of .08 percent blood alcohol concentration, vehicle confiscation, administrative per se, a beer tax law that generates some \$5.3 million per year and a DUI victim restitution law.

The Single State Agency is uniquely situated to enhance cooperation among government agencies and the private sector. In Michigan, for example, the Office of Highway Safety Planning established an Engineering Traffic Services Coordinating Committee to promote the use of modern traffic engineering principles throughout the State. By including representatives of State and local government, along with private citizens, the Committee has accelerated the improvement of numerous high accident locations, achieving corresponding decreases in casualties.

IV. Results Being Achieved

Following are examples of results being achieved in various States:

Nebraska	The death rate has declined from 5.8 deaths per 100 million vehicle miles traveled in 1966 to 2.0 in 1985. During the same period miles traveled rose from 7.5 billion to more than 12 billion. Traffic fatalities have dropped from nearly 500 per year in the early 1970's to 238 in 1985.
Missouri	In 1968 the injury rate (number of deaths and injuries per 100 million miles) was 237.6. In 1983 the rate dropped to 156.9, a reduction of 44 percent.
Arkansas	The fatality rate has been cut from 6.59 in 1966 to 3.16 in 1985. Nighttime/weekend alcohol related crashes have been reduced from 40 percent to 33 percent since 1979.
Virginia	Following enactment of mandatory child safety seats, deaths and injuries among children under five dropped by 245.
Minnesota	Expanded training and testing has reduced motorcycle fatalities from an all time high of 121 in 1980 to 62 deaths in 1984, despite increases in numbers of licensed operators and registered motorcycles.

V. Breakthroughs in State and Community Programs

In recent years several breakthroughs have been occurred in the ways that State and community highway safety programs are planned and executed.

Instead of piecemeal or shotgun approaches to planning, there are interdisciplinary, cooperative efforts among local agencies appropriate to the complexity of crash problems. In many communities, decisions about law enforcement, judicial practices, emergency medical services, etc. are made in groups which combine agencies and professional disciplines.

There is an increasing appreciation of the need for systematic traffic safety efforts, in that no single agency operates without considering how its activities impact other agencies.

In terms of funding, instead of simply appropriating funds from the general treasury for safety programs, communities now seek more creative methods, using fines and fees to make new safety programs financially self-sufficient.

There is greater participation of the private sector. . . not merely supporting official programs. Now corporations and citizens participate in deciding about programs and there is more reliance on private sector groups to deliver safety education programs.

VI. Critical Needs in Local Highway Safety Efforts.

With support from State highway safety agencies, communities have begun to experiment with innovations ranging from alternative sentences for convicted drunk drivers, to creative methods of self-financing of programs through fines and fees. Not only are they seeking better technical methods for improving safety, they are also implementing striking new public policy to combat the toll. These innovations include raising the drinking age, requiring the use of safety belts, banning free-drink happy hours, and so on.

There are critical needs for innovation at the community level. These include:

1. Need for more inter-agency cooperation.
2. More creative efforts to "design in" financial self-sufficiency for traffic safety programs.
3. Greater managerial sophistication among program managers in planning and operating innovative, complex programs.
4. Increasing the role of corporations in community safety efforts, not just for their resources, but as influencers of public policy.
5. Continued advocacy among citizens for firm measures and sufficient resources to do the job.

Thus, the future depends on expanding comprehensive programs, strengthening the information system that serves the people working in these programs, providing feedback on what works and doesn't work, and building networks of support.

Establishing such programs is extremely difficult. It is hard enough even to conceptualize well-integrated, self-sufficient programs in communities, let alone get them up and running. Thus, without vigorous technical assistance and start-up funding, communities are not likely to exploit the technological breakthroughs created over the past two decades.

VII. Future Challenges in Traffic Safety

Changing the way various officials and the public perceive highway safety and the way responsible agencies work together are perhaps the most crucial issues for building on these accomplishments through comprehensive community programs. Cooperating with different disciplines with competing priorities, striving for innovation, learning to manage individual agency programs as part of larger systems. . . represent tremendous challenges.

State legislators are not likely to vote appropriations on the basis of "facilitating innovation" in agencies responsible for highway safety programs. This is why the federally supported 402 program, with its emphasis on inter-agency and interdisciplinary approaches, is crucial for overcoming natural barriers to innovation. Thus, a strong Federal-State partnership is the only means for assuring catalytic leadership at all levels of government in order to achieve further significant gains.

STATEMENT OF JOSÉ A. ORTIZ-DALÍOT, DIRECTOR, PUERTO RICO FEDERAL AFFAIRS
ADMINISTRATION

I am José A. Ortiz-Dalíot and as Director of the Puerto Rico Federal Affairs Administration, otherwise known as the Office of the Governor of Puerto Rico in Washington, D.C., I would like to take this opportunity to acquaint you with some facts about Puerto Rico's economy and how recent past budgets and the current one adversely affect us.

In 1984 a study done for the American Federation of State, County, and Municipal Employees reported that Puerto Rico ranked third in the nation in per capita losses in federal aid over the previous three years. We led the nation in losses in such areas as nutrition assistance, employment and training, and assistance to the educationally deprived. That Puerto Rico should be hit hard by federal expenditure cuts is a natural consequence of a national policy of retrenchment in social programs which aid the poor. In spite of tremendous economic advances made during the 1950s and 60s, Puerto Rico remains the poorest part of the United States by a substantial margin. The 1980 U.S. Census reported that the median family income in Puerto Rico was \$5,923, which is only 26 per cent of median income in the United States. Over 62 per cent of the population lived below the federal poverty level versus slightly more than 10 per cent of the population in the United States. Since 1980 conditions have worsened as the unemployment level has climbed from 17 per cent to a yearly average of over 20 per cent in 1985. Average family income, in real terms, was about the same in Puerto Rico in 1985 as it was in 1973.

One of the consequences of this economic stagnation while natural population growth continues has been increased migration to the mainland. Another is that in the 1980s, declines in the private sector have been accompanied by reductions in the public sector. A transportation system designed for the movement of people and goods is a necessary contributor to reverse these trends.

Since the early 1970s the construction industry in Puerto Rico has experienced a serious decline with an employment reduction from 80,000 to 34,000 jobs. This decline has taken place despite the need for improved high-

ways and roads, bypasses, bridges, port facilities and other transportation-related construction.

The transportation system in Puerto Rico is vital for moving foodstuffs to the marketplace. Air and sea shipment costs add to food prices which are 32% higher in Puerto Rico than on the mainland. Yet, as an aside, Congress has failed to appropriate funds authorized under the recently passed Farm Bill which would overcome the effects of inflation on the nutrition assistance block grant program for Puerto Rico.

Secretary of Transportation Dole, in her testimony before this committee on February 19, 1986, stated that the Administration Transportation budget for 1987 would not diminish the federal commitment to safety, efficiency, maintenance, or effective design of state transportation systems, including that of the Commonwealth of Puerto Rico. Puerto Rico has a unique position in the national transportation system as the point under the American flag which is farthest south and east. Puerto Rico is in a strategic position in relation to Central and South America and the Caribbean Basin.

A number of currently active highway projects are directly linked to the national defense. Highway number three which connects the capital in San Juan to the Roosevelt Roads Navy base is being widened and reconstructed. The De Diego Expressway designed to link San Juan with the west coast of the Island, has been completed to the half-way point between San Juan and the Aguadilla Air Force Base. The main road for the remaining distance, between Arecibo and the base, is a two lane asphalt road heavily trafficked by commuters and heavy carriers.

Airport projects also relate to the national defense in several ways. First, to the extent that airport security can be improved, repetitions of terrorist acts such as the one in 1981, which resulted in the loss of nine (9) airplanes at the Muñiz Air Force base will be avoided. Improvement of airports in other island municipalities establishes alternatives for air transportation should the Luis Muñoz Marín International Airport become overcrowded or incapacitated. Strengthened air traffic control and expanded airport facilities enable commercial flights to fulfill their role in transportation of residents, tourists, business people and goods to and from the island.

Airport improvement contributes to revitalizing the role of tourism in the Island's economy. Air travel is the principal means for mainland and foreign visitors, investors, and businesspeople to connect with the island.

What is being done with federal funds for transportation programs in Puerto Rico? The Department of Transportation and Public Works (DTPW) had a consolidated budget in 1986 of \$406.8 million, 21% of which came from federal sources. The goal of the DTPW is to promote the economic development and general welfare of the Island through an integrated, efficient and safe transportation system. Two thirds of the federal monies are administered by the Highway Authority. With a similar budget in 1987 the Department plans to maintain the 6,868 kilometers of public roads used by 1.6 million registered vehicles and 1.3 million licenced drivers. Another 133 kilometers of primary highway will be built as well as 290 kilometers of secondary roads. These projects are expected to generate 9,550 jobs.

The Metropolitan Bus Authority, which serves 1.2 million residents of the San Juan metropolitan area, will repair and maintain 300 buses in order to have 250 in service during peak hours. The 42 routes will be evaluated in order to improve the services and to maintain ridership levels at 37 million rides during the year. Over the next five years 230 no longer serviceable buses will be replaced.

We calculate the cuts in Urban Mass Transportation funding to place the burden of financial support for these services on the user will be onerous to the typical public passenger in Puerto Rico as the fare would have to increase at least three-fold. Puerto Rican users are less able to pay increased fares than mainland users given the low per capita income mentioned earlier. For this reason, we cannot support the Administration's block grant proposal, but do support maintenance level funding for Urban Mass Transportation programs.

The Puerto Rico Ports Authority will continue to maintain and improve the ten airports and seven seaports under its jurisdiction. Special projects will be carried out to improve the infrastructure designed for tourists. Light aviation will be promoted to stimulate economic development in small and medium-sized towns and cities. Ferry services will be provided at reasonable costs.

These transportation services are vital to internal communication within this mountainous island and between it and outlying island municipalities. The projects of the Department of Transportation and Public Works also support and promote the Island's economic development by creating services required for industrial development, tourism and other industries.

The Highway Safety Commission in Puerto Rico coordinates the work of five other Commonwealth agencies to promote the safety and welfare of travelers on the island. This small agency oversees projects with \$1.6 million in federal funds carried out by the Department of Transportation and Public Works, the Highway Authority, the Anti-Addiction Services Department, the Public Education Department, and the Police Department.

The federal Department of Transportation itself carries out a number of activities which, while not direct funding for the Commonwealth government, have high value for the Island. First is direct administration and funding of airport development projects, air traffic safety personnel and equipment, training, inspections and regulation. These federal activities create a high degree of confidence in air transportation. This confidence is vital as the airways are the main link of Puerto Rico to the rest of the world.

We support the Senate budget proposal to increase the Federal Aviation Administration's ability to hire additional air traffic controllers and make other safety improvements.

Second is the Coast Guard. Especially important to Puerto Rico at this time is its role in the multi-agency drug interdiction effort, United Force for Rapid Action involving the Commonwealth Department of Justice, and the Police Department, the federal Drug Enforcement Administration, the Coast Guard and to a certain extent the airports. Adequate funding of the Coast Guard to play its vital role in intercepting drug shipments is a must. Funds to purchase specialized radar equipment to track drug-carrying airplanes also will serve to close the Puerto Rican drug door to the United States. We support the Senate proposal to increase Coast Guard funding for these purposes.

A third activity of the Coast Guard in Puerto Rico is enforcement of the Boating Safety Act. We cannot support the Administration's proposal to impose

users fees for certain services provided by the Coast Guard. The guarantee of these services creates an atmosphere of confidence which contributes to tourism, recreation, and commercial fishing. The economic capability of fishermen and companies in Puerto Rico varies greatly, and fees could remove the small fishing concern from competition.

We appreciate this opportunity to inform you of Puerto Rico's concerns about the federal budget and trust that they will be dealt with fairly and compassionately.

STATEMENT OF RAYMOND F. GALLAGHER, CHAIRMAN, NIAGARA FRONTIER
TRANSPORTATION AUTHORITY

We at the Niagara Frontier Transportation Authority (NFTA) respectfully urge the continuation of Federal Mass Transit programs at a funding level comparable to the commitment in prior years. In this regard, we wish to advise the Transportation Subcommittee of our opposition to the Ground Transportation Block Grant Program proposed by the Administration due to the devastating effect its enactment would have on the Niagara Frontier Transportation Authority and the transit industry in general.

Under the new program proposed by the Administration, federal funding available to the NFTA's urbanized area would be reduced by almost 50% from approximately \$9,760,000 available in federal fiscal year 1986 to approximately \$5,032,000 in federal fiscal year 1987. Furthermore, under the new program our transit system will not be eligible to receive the previous amount of over \$7,000,000 in operating assistance. The effect of this element of the new program would be devastating to the NFTA.

The NFTA has already reduced system mileage by approximately 400,000 miles and has increased the base fare level 33% from 60¢ to 80¢ in the past fiscal year. These modifications have been necessary even with the existing federal Operating Assistance Program. It is apparent that the elimination of the operating assistance element of the program would severely impact our transit operation.

Also available to the Niagara Frontier under the new program would be approximately \$4.3 million under that highway/transit block grant element of the program. This situation would put funding of the transit operation in direct competition with local highway funding needs. In this regard, the highway portion of the regional Transportation Improvement Program is already over programmed vis-a-vis funding levels that could be expected. For the transit operation to have to compete with the highway interests for these block grant funds may further compromise the ability of the NFTA to get necessary funding for its operation.

At this time, we offer the following as the basis to continue the existing transit funding program:

The uniquely successful Federal-local partnership of support for mass transit funding has provided a positive economic impact to the Niagara Frontier that cannot be replaced. The \$500 million Buffalo light rail rapid transit system has become an important stimulus to the rebirth of both the City of Buffalo and the Western New York region. This significant investment has served to stabilize the economic health of Buffalo's Main Street Corridor, which is the cultural and economic heart of our region.

Construction projects totalling \$300 million have been initiated or completed since the start of construction of our rail project in April, 1979. The private sector accounts for nearly 80% of this investment. A truly exciting aspect of this development is that it includes commercial, industrial and residential projects that help make downtown Buffalo an increasingly rewarding place to work, seek recreation and to live. We believe that this level of investment is a first installment, with much more to come once the rail line is in operation. The proposed \$65 million downtown baseball stadium, as an example, is to be one block from the Transit Mall. When completed, the combined impacts of the stadium and the light rail system on downtown Buffalo will be phenomenal. Public perception is that this degree of downtown development would not have occurred without the construction of the rail line. Development is also occurring adjacent to the rail stations outside the central business district under city guidelines that have been drawn to protect surrounding neighborhoods while realizing the best developments possible.

The centerpiece of the light rail system is the mall element of the rail line. The Buffalo Mainline Mile Transit Mall stretches 1.2 miles along what is truly the City's and the region's main street. The Mall, which is a fare free transit zone with six stations, links various center city functions together,

from the Municipal Auditorium to the banking and commercial sections to the theater district. Our Authority, in concert with the City and County governments and the business community, is promoting the Mall corridor as the ideal site for new center city development. The Mall has sparked tremendous enthusiasm within the business community, which has agreed to politically and financially support a special assessment district to cover the maintenance and promotional expenses of the Mall. This special assessment district, which was created by the downtown property owners and enacted into law by the State Legislature in October, 1984, will generate \$1,000,000 annually. This important revenue source emphasizes the sense of local commitment in our region, but also represents the private sector's support for mass transit as a policy tool in the development of downtown. The flagships of our major department store chains and financial institutions are finding downtown locations or are expanding and renovating existing facilities in anticipation of the revitalized role of downtown. Economically, over the next 20 years we forecast an increase of nearly \$72 million in net retail sales and an increase of 2,500 employees in downtown Buffalo. The office-related impacts of the Transit Mall during the same period is estimated to include new construction of 2.8 million gross square feet, and employment gains of 14,500 workers. These new jobs will provide a significant impact to the economies of both downtown Buffalo and Western New York.

For the future, the NFTA has plans to extend the spine of the light rail system and to extend the Transit Mall to a new station in downtown Buffalo. These projects, if implemented, will also provide an economic boost to Western New York. Extensions to the light rail system could generate as many as 27,800 full time equivalent jobs and \$1 billion in total spinoff benefits in our region. The extension of the Transit Mall to the historic Delaware, Lackawanna and Western trainshed (through the addition of the Naval Park Station for which we received "New Start" earmarking for design in fiscal year 1986) could mean an additional 700,000 square feet in retail and office space; 400 new residential units; 3,200 new downtown employees; \$32 million in new retail sales; and the construction of a museum facility capable of attracting 100,000 visitors annually to its site. Thus, we do not view the rail line as a static resource, but one that can be modified to take advantage of unique opportunities to assist in the development of our region.

In addition to the rail system, the UMTA program has permitted the continued operation and modernization of the Metro Bus Transit System. Continued operations are made possible through Federal, State, and local contributions of operating assistance to our system. Modernization is made possible through Federal, State and local commitments to capital assistance.

Utilizing UMTA Capital Assistance, six regional bus systems were purchased by the NFTA in 1974 and the unified Metro System was created. The Metro system has enabled the 1500 square mile service area of the NFTA to be served by one transit system. Now, with the Buffalo Light Rail Rapid Transit System, integrated with the Metro Bus System, mobility via transit on the Niagara Frontier is further enhanced. During the past fiscal year, NFTA Metro carried 38,300,000 passengers. We estimate that in the current fiscal year, Metro, including the new rail system, will carry 40,500,000 passengers. These passengers utilize transit to work and shop on the Niagara Frontier.

Many of these passengers are transit dependent. Thus, our system enables all to participate in the economy of Western New York. As such, transit has a significant positive impact in the Niagara Frontier. A recent example of this impact is related to the stimulus of retail activity of downtown Buffalo predicted by the operation of Light Rail service. During the 1984 holiday season, the first year of LRRT operation, downtown retailers realized a 20% gain in retail sales. This increased level of economic activity was sustained in 1985 and proves that transit can stimulate economic activity in Western New York.

Another important factor to consider is the economic impact to the Niagara Frontier of the Metro Operating budget. In the latest fiscal year, the operating budget of the Metro System exceeded \$47 million. In the current fiscal year, the operating budget is estimated at \$51 million. The operating budget is primarily for wages and supplies. As such, these monies are spent in

the local economy and their economic impact is enormous. Continuation of the current partnership of Federal, State, and local funds toward the operation of the Metro System is important to the economic health of Western New York.

The UMTA Capital Assistance Program, in addition to the purchase of new buses, has enabled the construction of new bus garages in Buffalo and Niagara Falls, Mass Transit Elements of a Transportation Center in Buffalo, and an International Transportation Center in Niagara Falls. In addition to the employment related to construction, better maintenance facilities mean better service to the patrons of the system. Furthermore, the Transportation Centers stimulate intercity commerce and bring business to the area.

The Transportation Centers are also an example of the private/public partnership toward the provision of Transportation Service on the Niagara Frontier. The existing Metropolitan Transportation Center in Buffalo and the International Transportation Center in Niagara Falls, were funded utilizing Federal, State, and local resources.

In addition to being hubs for the intra-regional Metro Service, the terminals also serve as inter-urban terminals for private carriers. Space is rented from the Authority to the private carriers for this purpose. Thus, public funding has provided a facility which is used by private enterprise in a situation where the need existed but investment factors precluded the investment by the private sector. As a result, the riding public receives needed service from the private sector and the overall utility of the public fund expenditure is maximized.

Further, under UMTA guidance issued concerning public/private provision of transit services, more opportunities for the involvement of private enterprise both in the provision of services and construction of new facilities are being sought. More efficient operations and expanded facilities are the objectives.

In the future, two new bus maintenance facilities are planned. Their construction will have a positive impact on the local construction industry. Their operation will have a positive impact on the level of service provided to the public and thereby contribute to the positive impact that the transit system has on the economy of Western New York. We believe that it is important for Congress to continue to recognize and support the importance of maintenance. Everything has a useful economic and operational life: ports and waterways need dredging; highways and runways need repaving; and buses, rail cars and maintenance facilities need to be repaired and periodically replaced. All modes of transportation are important to this country. In order to maintain efficient and reliable service it is important that adequate resources are available.

The NFTA and the public and private entities of Western New York view transit as more than a means of mobility. We have and will continue to use mass transit as a policy tool as intended by Congress. Our transit system has had a multi-faceted role in the everyday lifestyle as well as the long-range decision-making of Western New York. The wisdom of the programs of the Urban Mass Transportation Act and the uses of these programs in our region are evident: our system not only provides mobility, but also contributes to achieving other goals such as reducing energy consumption and air pollution, while improving mobility for the elderly and handicapped and stimulating our regional economy. As a special note to our contribution to the regional economy the UMTA programs have meant increased business opportunities and employment to minorities. Through the end of 1985 minority businesses have received approximately \$65 million in contracts and purchase orders. The continuation of Federal transit programs will mean a continued expansion of existing minority businesses and the attainment of our other national and local goals.

COALITION OF BUSINESS, LABOR, CITIZENS AND ELECTED OFFICIALS HAS BEEN FORGED TO WORK TO IMPROVE PUBLIC TRANSPORTATION. THE LIGHT RAIL LINE HAS BEEN THE CATALYST FOR THIS, BUT THE ULTIMATE BENEFICIARIES OF THIS PROJECT WILL BE ALL TRANSIT USERS, CURRENT AND FUTURE. WE HAVE A LONG-STANDING COMMITMENT TO PROVIDING QUALITY BUS SERVICE AND THE LIGHT RAIL LINE WILL ENABLE BI-STATE TO EXTEND ITS TRANSIT MANAGEMENT EXPERIENCE AND EXPERTISE STILL FURTHER FOR THE BENEFIT OF ALL OF OUR PUBLIC.

FINALLY, THIS PARTICULAR LIGHT RAIL PROJECT IS MODEST BY TODAY'S STANDARDS, DUE IN LARGE PART TO ST. LOUIS' UNIQUE APPROACH THAT HAL DEAN REFERRED TO EARLIER. THE BENEFITS TO ST. LOUIS, HOWEVER, WILL NOT BE MODEST.

ON BEHALF OF THE RIDING PUBLIC WHOM I SERVE, I RESPECTFULLY ASK FOR YOUR CONTINUED SUPPORT TO HELP US MAKE A NEW START FOR PUBLIC TRANSPORTATION IN ST. LOUIS.

STATEMENT OF R. RALEIGH D'ADAMO, EXECUTIVE DIRECTOR, BI-STATE
DEVELOPMENT AGENCY, MISSOURI AND ILLINOIS

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE. WE SINCERELY APPRECIATE THE OPPORTUNITY TO SPEAK TO YOU TODAY ABOUT THE ST. LOUIS LIGHT RAIL PROJECT.

AS THE OPERATOR OF THE COMPREHENSIVE, UNIFIED PUBLIC TRANSIT SYSTEM FOR THE ST. LOUIS METROPOLITAN REGION OF MISSOURI AND ILLINOIS, BI-STATE BELIEVES THAT THE TITLE OF THE PROJECT'S BROCHURE--"A NEW START FOR PUBLIC TRANSPORTATION"--ACCURATELY CHARACTERIZES OUR APPROACH TO THIS PROJECT. WE DO NOT PERCEIVE THE FUTURE OF TRANSIT IN OUR REGION AS A CHOICE BETWEEN BUS OR LIGHT RAIL. INSTEAD, WE VIEW IT AS A UNIQUE OPPORTUNITY TO BUILD AN INTEGRATED BUS AND LIGHT RAIL TRANSPORTATION SYSTEM WHICH CAN WIN OVER NEW RIDERSHIP TO PUBLIC TRANSIT, THUS MAKING OUR NEW BI-DIMENSIONAL TRANSIT NETWORK (I.E., BUS AND LIGHT RAIL) A REAL ASSET TO, AND A MAJOR COMPONENT OF, THE CONTINUED GROWTH AND ECONOMIC DEVELOPMENT OF THE ST. LOUIS REGION.

ST. LOUIS HAS ATTRACTED NATIONWIDE ATTENTION BY IMAGINATIVELY RECAPTURING THE PAST AND RECREATING IT IN MODERN, EXCITING TERMS. FOR OUR REGION TO CONTINUE TO SET HIGH STANDARDS OF QUALITY FOR NEW GROWTH, THERE MUST BE A TRANSPORTATION SYSTEM TO MATCH. WE CAN NO LONGER AFFORD THE UNPRODUCTIVE COST OF STAND-STILL, RUSH HOUR TRAFFIC ON OUR MAJOR HIGHWAYS, OR THE WASTAGE OF VALUABLE CENTER-CITY LAND FOR UNPRODUCTIVE PARKING LOTS. WITH EACH PASSING DAY BI-STATE IS TRYING TO "RE-TAILOR" ITS TRANSIT ROUTES AND SCHEDULE PATTERNS SO THAT ITS SERVICES WILL BE MORE MEANINGFUL TO THE RESIDENTS OF OUR SERVICE AREA. HOWEVER, THERE IS JUST SO MUCH THAT ONE CAN DO WITH A BUS.

BESIDES OUR TRADITIONAL AND VITAL ROLE OF SERVING THOSE WHO MUST DEPEND ON PUBLIC TRANSPORTATION, BI-STATE MUST BECOME MORE

ECONOMICALLY INDEPENDENT BY SERVING A BROADER CONSTITUENCY, AND BY DOING SO IN THE MOST EFFICIENT AND EFFECTIVE WAY POSSIBLE. OUR NEW REGIONAL EXPRESS BUS SERVICES ARE ALREADY APPEALING TO THOSE WHO "HAVE A CHOICE", AND THEIR NEW PATRONAGE IS TELLING US THAT THEY HAVE CHOSEN TO LEAVE THEIR CARS BEHIND AND RIDE WITH US. AT LEAST THEY CAN RELAX AND LEAVE THE DRIVING TO US BUT, IN THE FINAL ANALYSIS, OUR BUSES MUST STILL TRAVEL ON THE SAME CLOGGED HIGHWAYS AS THE REST OF THE TRAFFIC. FOR US TO PROVIDE A REAL CHOICE FOR THE CITIZENS OF OUR BURGEONING REGION WE MUST NOW MOVE INTO A FORM OF TRANSPORTATION THAT CAN PROVIDE HIGHER SPEEDS, SHORTER TRAVEL TIMES AND GREATER COMFORT. ST. LOUIS' LIGHT RAIL PROJECT, WHICH WILL OPERATE ON ITS OWN RIGHT-OF-WAY, SEPARATE AND APART FROM VEHICULAR TRAFFIC, IS OUR CHANCE TO ACHIEVE THAT GOAL.

CURRENT STUDIES ARE TAKING A HARD LOOK AT THE ECONOMICS OF THIS PROJECT AND ARE CONCLUDING THAT EXISTING LOCAL REVENUE SOURCES WILL BE SUFFICIENT TO OPERATE AN INTEGRATED LIGHT RAIL AND BUS SYSTEM. OUR TRANSIT SYSTEM WILL BE STRONGER, AND WE WILL HAVE AN IMAGE AND IDENTITY WHICH WILL GIVE US MARKETING OPPORTUNITIES WHICH WE WOULD OTHERWISE NOT HAVE AVAILABLE TO US.

BESIDES THE LIGHT RAIL LINE'S BENEFITS FOR OUR RESIDENTS AND OUR REGION, IT WILL GIVE BI-STATE NEW OPPORTUNITIES TO WORK WITH THE PRIVATE SECTOR. ALREADY, THE PRIVATE SECTOR IS SHOWING MORE INTEREST IN PUBLIC TRANSPORTATION IN ST. LOUIS THAN AT ANY TIME IN THE PAST TWENTY YEARS. WE ARE HOPEFUL THAT SOME OF THE DEVELOPMENT OPPORTUNITIES ALONG THE LIGHT RAIL ROUTE CAN BE TURNED INTO A CONTINUING SOURCE OF REVENUE SO THAT BI-STATE CAN SUPPORT ITS TOTAL TRANSIT OPERATIONS BETTER.

ABOVE AND BEYOND THIS WELCOMED PRIVATE SECTOR INTEREST, I AM PLEASED TO REPORT THAT FOR THE FIRST TIME IN MEMORY, A STAR

STATEMENT OF JERRY F. COSTELLO, COUNTY BOARD CHAIRMAN,
ST. CLAIR COUNTY, IL

Mr. Chairman and Subcommittee Members. Thank you for the opportunity to submit these remarks in support of the proposed light rail system for St. Louis.

I am County Board Chairman of St. Clair County, Illinois, and Vice-Chairman of the Board of Directors of the East-West Gateway Coordinating Council, the region's Council of Governments. This project is the center of an unprecedented cooperative effort of the local governments in our region. The same factors which make it a vital project locally make it of national significance as well. Let me briefly highlight some of these.

First of all, the proposal includes the rehabilitation and use of existing infrastructure. The system will run on rail lines already in place from East St. Louis in Illinois throughout the corridor to the airport, using the historic Eads Bridge and a tunnel under the downtown St. Louis business district. It will be built for \$12 to \$13 million in 1987 dollars per mile, in startling contrast with other projects whose costs range as high as \$200 million per mile. The use of existing infrastructure also reduces the risk of cost overruns which have plagued other "new start" projects. The assets will be made available through an agreement with the railroads which represents a unique partnership between public and private sectors.

The St. Louis plan is also distinguished by its stable and dependable funding sources for operations. The people of our region have demonstrated their support for public transit at the polls.

The St. Louis community will also benefit from much private investment (conservatively estimated at \$400 million) whose value can be recaptured as revenues for our local governments and transit authority.

Finally, virtually all segments of the community have endorsed light rail for St. Louis -- including state and local governments, the region's Council of Governments, our local transit operator and numerous civic and

neighborhood organizations. There is a new spirit today in the St. Louis metropolitan area and a new recognition of the need for all parts of the region, in both Illinois and Missouri, to work together on our problems and maximize our opportunities. While only a small part of the proposed system lies in Illinois, I look forward to the day when the same strategy proposed here will be used to build a line to Belleville, county seat of St. Clair County, and other key centers in Illinois and Missouri.

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1987

WEDNESDAY, MAY 14, 1986

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Mark Andrews (chairman) presiding.

Present: Senators Andrews, Chiles, and Lautenberg.

NONDEPARTMENTAL WITNESSES

SUBCOMMITTEE PROCEDURE

Senator ANDREWS. The subcommittee will come to order.

As in years past, the subcommittee has requests from about 60 persons and organizations to be heard on a wide range of transportation issues. In view of this, I would like to remind witnesses of our procedure, by which the red light goes on after 5 minutes. I encourage you to summarize in less time in order to leave time for questions.

We use this procedure to make sure everyone has a chance to be heard, and of course, as you realize, the full text of witnesses' statements are made part of the official record, as will the other material submitted to the subcommittee.

In fact, you lose out because you do not get a chance to get some questions going, based on the information we already have if you take up all of the time.

So with that advice, and let me add one other caveat, an early chairman I had in the appropriations business, John Rooney some 20 years ago, said, "The amount of money you get from the subcommittee is in inverse proportion to the amount of time you take talking about it."

John was very wise and very competent chairman of the Appropriations Subcommittee.

Having said that, our first witness is Sgt. Maj. C.A. [Mack] McKinney, legislative counsel, Non-Commissioned Officers Association of the United States. Sergeant, it is good to have you with us.

NON-COMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES

STATEMENT OF SGT. MAJ. C.A. [MACK] McKINNEY [RETIRED], LEGISLATIVE COUNSEL

Sergeant Major McKINNEY. Thank you, Mr. Chairman. It is always a pleasure to be here. I appreciate the invitation and I will try to be as brief as possible.

Since NCOA does have a substantial representation among our Coast Guardsmen, it welcomes the opportunity to address this distinguished subcommittee on the issues of importance to the enlisted men and women of the U.S. Coast Guard.

I don't think I have to tell the chairman, or even suggest to the chairman that people are the most important issue before this subcommittee or this Congress. Simply put, the Coast Guard cannot operate without highly qualified and motivated people. Unlike most uniform services, the Coast Guard, is required to assign many of its enlisted personnel to areas that have few, if any other, Armed Forces personnel or facilities in residence.

Although eligible for housing and subsistence allowances, these Coast Guardsmen receive no medical allowance as a substitute for dependents' health care provided free to their comrades who reside in military catchment areas. Further, they receive no extra pay for the not so unusual number of overtime hours they spend in accomplishing their assigned mission.

Recognizing the value of people, NCOA recommends that the Coast Guard be authorized and provided the necessary funds throughout fiscal year 1987 to retain at least the greatest number of uniformed—both active and reserve—and civilian personnel it was authorized at any time during the fiscal year 1986. NCOA also recommends first that this committee approve a special fund to be used by the Coast Guard to reimburse its enlisted, uniformed personnel assigned outside military catchment areas for those costs incurred as a result of using civilian health providers for the care of their dependents.

Second, the association recommends that sufficient funds be provided in the Coast Guard's budget to pay severance or rehabilitation paid to enlisted personnel caught up in any reduction of force.

It is highly discriminating to offer severance pay to most of our Federal employees, including foreign hires, and commissioned officers of the uniformed services, but not one cent to any enlisted member of the regular component.

I have also added on some other recommendations which were in my statement, and I would be happy at this time, Mr. Chairman, to answer any questions you may have.

Senator ANDREWS. Sergeant McKinney, your statement proposes several broad legislative changes. How many are contained in the House-passed Coast Guard authorization bill?

Sergeant Major McKINNEY. None to my knowledge, sir.

Senator ANDREWS. Are any of them contained in other measures?

Sergeant Major MCKINNEY. No, sir; I have talked to the Senate Authorization Committee on this. But I am afraid this may not go through. I think it is time we brought it to the attention of the various committees, whether we get anything done this year or not. I think it is very important that we do provide some sort of vesting for enlisted personnel in the future.

Senator ANDREWS. And you are doing that, very well.

Sergeant Major MCKINNEY. Thank you, sir.

[The statement follows:]

STATEMENT OF SGT. MAJ. C.A. (MACK) MCKINNEY

SUMMARY OF NCOA's REQUESTS

1. Provide necessary funds in FY 1987 to retain greatest number of uniformed (active and reserve) and civilian personnel authorized anytime in FY 1986.
2. Reimburse Coast Guardsmen for personal costs of dependent's medical care when such costs are incurred in civilian health facilities because no federal facilities are within reasonable commuting distance.
3. Fund severance payments for certain Coast Guard enlisted personnel forced to leave the service because of a reduction-in-force.
4. Provide funds for a cost-of-living adjustment (COLA) to the retired pay or annuities of uniformed and civilian retirees of the Coast Guard and their survivors.
5. Advocate rejection of any proposal to alter the current military retirement plan that is unfair to enlisted Coast Guardsmen.
6. Appropriate funds for a 4 percent increase in the basic pay, housing and subsistence allowances of Coast Guardsmen.
7. Appropriate other funds to:
 - a. double dislocation allowances;
 - b. provide increased reimbursements for PCS; and
 - c. continue the new G.I. bill as an enlistment initiative.

Mr. Chairman. I am Sergeant Major C. A. (Mack) McKinney, U.S. Marine Corps Retired, Legislative Counsel for the Non Commissioned Officers Association of the USA (NCOA). NCOA is the largest of the enlisted quasi-military associations chartered in the United States. Its membership is at least 90 percent enlisted, identifiable by NCO and Petty Officer grades E-4 through E-9, with an estimated 83 percent on active duty or in the guard or reserve of the Army, Navy, Marine Corps, Air Force or Coast Guard. Since NCOA does have a substantial representation among Coast Guardsmen, it welcomes the opportunity

to address this distinguished subcommittee on issues of importance to enlisted men and women of the United States Coast Guard. Your invitation, Mr. Chairman, is most gratefully acknowledged.

PEOPLE

When one reviews the congressional progress of the Coast Guard's authorization and appropriations requests he or she discovers that much active support is given to that service's operations and maintenance; acquisition, construction, rebuilding and improvement programs; and research and development; but little if any for people programs.

Yet, people are the most important issue before this subcommittee or this Congress. Simply put, the Coast Guard is a highly personnel-intensive service that cannot operate without highly-qualified and motivated people. Assigned to remote locations, removed from military catchment areas where they must live in civilian-oriented neighborhoods on uniformed services pay scales, far too many Coast Guardsmen are caught between dedication and deprivation.

Unlike most uniformed services the Coast Guard is required to assign many of its junior enlisted personnel to areas that have few if any other armed forces personnel in residence. These men and women have no access to military stores or morale, welfare and recreation facilities or, most importantly, medical facilities. Although eligible for housing and subsistence allowances, these Coast Guardsmen receive no medical allowance as a substitute for dependent's health care provided free to their comrades who reside in military catchment areas. Further, they receive no extra pay for the not-so-unusual number of overtime hours they spend in accomplishing assigned missions.

NCOA does not mean to imply it doesn't support funds to increase the continuity in plans to modernize and improve the Coast Guard's capital plant. Congress should, and the taxpayers need to recognize that Coast Guardsmen, no matter how motivated or skilled, cannot reach their highest level of performance without modern accoutrements. However, on the other hand, all of the highest technology equipment is of little use if there are no highly-qualified, skilled and motivated Coast Guardsmen to operate the vessels, aircraft, etc. that are relevant to the Coast Guard's mission.

Recognizing the value of people, NCOA recommends that the Coast Guard be authorized and provided the necessary funds throughout FY 1987 to retain at least the greatest number of uniformed (active and reserve) and civilian personnel it was authorized at any time during FY 1986. Further, that the Coast Guard be offered these funds without any discernable loss in equipment and operation and maintenance monies that may hamper the Coast Guard in accomplishing those missions.

DEPENDENT HEALTH CARE FUND

NCOA also recommends that this committee approve a special fund to be used by the Coast Guard to reimburse its enlisted uniformed personnel, assigned outside military catchment areas, for those costs incurred as a result of using civilian health providers for the care of their dependents. Currently, these Coast Guardsmen must use CHAMPUS for their dependents' care. Such use is money out-of-pocket and not reimbursable. It isn't fair to offer free care to most active duty dependents but not to those whose uniformed spouses are involuntarily assigned to locations where the dependents are forced to use CHAMPUS.

SEVERANCE PAY

The association recognizes the problem this committee and Congress may have with Gramm-Rudman. The Coast Guard's budget will be tight. However, NCOA is in hope the budget doesn't fall so short that the Coast Guard will have to discharge or release some of its personnel who have been on board for enough years to be considered well-skilled and qualified for arduous duty at sea or on station.

If this occurs, NCOA recommends that sufficient funds be provided in the Coast Guard's budget to pay severance or rehabilitation pay to enlisted personnel caught up in any reduction of force. It is highly discriminating to offer severance pay to most federal employees, including foreign hires, and commissioned officers of the uniformed services, but not one cent to any enlisted member of the regular component. This fund, for example, would be used to pay enlisted personnel, involuntarily released from active duty with five or more years of continuous honorable service, a sum equal to six (6) months basic pay to be used for rehabilitation purposes.

COLA

In the early and mid-1970s NCOA was one of the quasi-military organizations calling for recomputation of uniformed services retired pay. However, Congress insisted on retaining cost-of-living adjustments (COLAs) determined by rises in the Consumer Price Index (CPI). Within the next decade or so Congress reneged any number of times on its initial promise. Two of these occurred in the last three years. For a 10 percent recorded hike in the CPI, uniformed services retirees and their survivors received only a 3.5 percent COLA in Dec. 1984. Nothing was given in 1983 or 1985.

In Dec. 1985 Congress and the President stopped an already programmed COLA to the pay of military and civil service retirees. Congress had earlier approved the COLA, so military and federal civilian retirees and their eligible survivors were anticipating the increase in checks due on or about January 1, 1986. As in 1982, congressional conferees met at the last moment behind closed doors to deny military retirees and federal civilian pensioners their rightful benefits.

NCOA believes these political but highly-questionable actions should cease. It seeks the support of this distinguished panel to advocate the payment of COLAs to retired members of the U.S. Coast Guard, as well as those of other armed forces, and to retired civilian Coast Guard employees. It is only fair and equitable to either deny all a government-financed or sponsored COLA or provide a COLA for all eligible personnel.

RETIREMENT

NCOA is concerned that any adverse modification to the current uniformed services retirement program, even if it is "grandfathered," will be perceived as another deterioration of promised benefits. The proposed changes floating around Capitol Hill have built-in COLA provisions. Since Congress isn't scoring well on keeping its word to current retirees, there's not much hope future retirees will believe this body will sustain a COLA promise in the years to come.

The House Armed Services Committee has adopted its proposed new system (H.R. 4420). NCOA refers to it, and the one that will soon be under consideration by the Senate, as the "Senior Officers Retirement Protection Acts." They devastate the retired

income of mid-level Coast Guard Petty Officers (e.g.- E-5s, E-6s and E-7s) to far below minimum poverty levels. Petty Officers in grade E-7, for example, would under the House proposal lose more than \$2,000 annually in retired pay which is already below poverty level, then have to hope Congress will be generous enough to afford them an occasional COLA. NCOA cannot believe Congress would be so inconsiderate as to "buy" these proposals. It should be able to foresee the damage it will do to our future uniformed manpower picture. The bill should be rejected in favor of a better plan.

OTHER PROGRAMS

A. PAY RAISE. Uniformed Coast Guard pay is lagging some 8 percent in comparability pay with the civilian sector. NCOA advocates adoption of the President's 4 percent increase in servicemember's pay to be effective Oct. 1, 1986.

B. DISLOCATION ALLOWANCE. NCOA agrees with a House subcommittee's 1/ rationale to double the dislocation allowance. Recommend funding for FY 1987.

C. PCS INITIATIVES. Coast Guard personnel continue to carry the burden of out-of-pocket expenses when moving under governmental permanent change of station (PCS) orders. Some alleviation occurred last year in the FY 1986 Defense Authorization Act, but more improvement is required so that PCS reimbursements relate closer to those authorized federal employees. NCOA also recommends increases in Household Goods Transportation Allowances.

D. NEW G.I. BILL. The Administration's assessment of and its recommendation to terminate this program in exchange for VEAP are really "far out." It's an excellent program that will assist in aiding the Coast Guard to meet its quality recruiting goals over the next 2 years, or longer if Congress so decrees. The program should be funded in full.

CONCLUSION

In his Fiscal Year 1987 report to Congress, Secretary of Defense Caspar Weinberger begins by stating: "Debate about the

¹ House Armed Services Subcommittee on Military Personnel and Compensation Report 99-81, Section 611

defense budget, especially in an era of deficits, rarely focuses on the big picture. Too many of us cannot see the forest for the trees. Even worse, some of us get caught up in the leaves. In an effort to help us all keep some perspective on the forest, let me identify the four central questions each of us should ask ourself in thinking about U.S. defense programs and budgets."

Mr. Weinberger proceeds with the first three questions then suggests that the fourth is rather difficult to answer- whether our defense budget is being spent wisely and effectively? He falters in providing a response to which is most effective for the price tag, people or weapons?

In relationship to the Coast Guard's budget one might ask a similar question- which is the most effective for the price? If this distinguished subcommittee agrees with NCOA then the answer is the same as for defense: People. By providing the necessary funds for personnel programs the Nation will maintain the most positive manpower readiness capability it has enjoyed with the Coast Guard in any peacetime environment.

RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES

STATEMENT OF CAPT. ROY B. MOODY, JR., USNR [RETIRED], DIRECTOR OF NAVY, MARINE CORPS, AND COAST GUARD AFFAIRS

Senator ANDREWS. Our next witness, representing the Reserve Officers Association of the United States, is Capt. Roy B. Moody, Jr., U.S. Naval Reserve, retired. Good to have you with us, Captain.

Captain MOODY. Mr. Chairman, glad to be back, again, this year. It is always a pleasure, as usual to testify before the committee, and as usual, we will summarize quickly and hopefully have the entire statement in the record.

The Reserve Officers Association is pleased that the administration has recommended an increase of 500 in the Coast Guard Selected Reserve, up from 12,500 to 13,000.

However, this minimal increase hardly responds to an established mobilization requirement of 27,400. A Selected Reserve which constitutes only 47 percent of mobilization requirement is a long way from matching the Department of Defense program, which will put all of its Reserve Forces at 100 percent of mobilization requirements by 1988.

In our statement, we have included a comparative chart showing the Reserve manning for the five Armed Forces.

Also, the proposed increase of \$3.7 million for Reserve training that is contained in the administration budget, does not support the additional 500 Selected Reserve personnel which have been requested. It simply covers cost escalation, pay raise annualization, Reserve GI bill costs, et cetera.

The administration, in essence, has proposed an increase of 500 Reserve personnel and really has not included a dime in the budget to support them. We estimate that an additional \$2 million is necessary to support this requested and very essential increase.

We are also quite concerned with the administration's AC&I request of only \$77.1 million, and in light of that, we fully support the House Coast Guard authorization bill, which calls for fiscal year 1987 AC&I budget of \$300 million, which is traditionally where it has been for the last few years.

The administration request obviously reflects a reduction in budget authority to offset the add-on funding appropriated through the Navy in fiscal year 1986. However, the congressional language going along with that 1986 addition, specifically indicated that the money was for additional capital planned inventory.

This attempt is consistent with actions taken every time the Congress appropriates add-on Coast Guard funding through the Defense Department for additional equipment.

For the last 5 years, Congress has added some \$975 million to be used for equipment procurement, over and above that planned in the programmed AC&I budget. To the best of our knowledge, little if any of that has bought additional equipment. The funding has been used for purposes other than that which was intended by the Congress.

We submit that it is time that this add-on funding be used as intended. And as the normally programmed AC&I appropriation be funded in full.

Continuing appropriation action placed those funds passed through DOD to the Coast Guard under Budget Function 50, Defense. Congressman Walter Jones, chairman of the House Merchant Marine and Fisheries Committee, recently proposed that the Coast Guard budget also come under the scrutiny of the Armed Services Committees and the Defense Appropriation Subcommittees.

We have pondered the advisability of breaking out the entire Coast Guard budget into functions, Defense Function 50, and Transportation Function 400. Clearly, that would eliminate the concept of all the Coast Guard appropriation essentially being nondefense discretionary funding, which it was labeled during fiscal year 1986 at times.

We certainly recommend this proposal be given serious consideration by all concerned.

Finally, we would like to hoist a warning against the current pressures to privatize a wide range of Coast Guard activities. The concepts are not new, they just carry different labels.

Not too many years ago, there were moves to civilianize; then came pressures to contract out, under A-76, and now privatization. We strongly support the identification of poor logistic activities, as required in the fiscal year 1987 Coast Guard authorization bill recently passed by the House. Such identification would protect certain Coast Guard functions from privatization in the same manner as Congress has provided the other Armed Forces.

Such a procedure is no more, nor no less than Congress has demanded of the Defense Department for several years.

The loss of any of these mission areas may in many cases be detrimental to national defense. We are very concerned that that is just simply not taken into consideration, because in many cases, the Coast Guard, alone among all the Armed Forces, possesses the sole capability and expertise in these areas which they will be called on to carry out in the event of mobilization or national emergency.

Mr. Chairman, that completes my testimony.

Senator ANDREWS. Thank you, Captain. I am sorry we do not have time for questions.

[The statement follows:]

STATEMENT OF CAPT. ROY B. MOODY, JR.

Statement of Captain Roy B. Moody, Jr., USNR (Ret.), Director of Navy, Marine Corps and Coast Guard Affairs for the Reserve Officers Association of the United States, before the Subcommittee on Transportation, Senate Committee on Appropriations, 14 May 1986

Mr. Chairman and Members of the Committee:

I am pleased with the opportunity you have afforded the Reserve Officers Association to participate in this hearing regarding Coast Guard Appropriations for fiscal year 1987. Mindful of ROA's Congressional Charter to support a military policy for the United States that will provide for adequate national security and promote its development and execution, it would appear that we, the Congress and ROA, have a compact that is similar to that Total Force mutually-supportive concept that exists between the Reserve and Regular components of the various military services -- one of which is the Coast Guard, though some recent actions and attitudes would seem to belie that truth.

ROA has frequently expressed our concern for the early implementation of a credible Maritime Defense zone initiative, particularly suitable to a trained, well-equipped and well-exercised Reserve establishment -- only to be confronted with budgetary setbacks coupled with pressures to privatize many maritime activities in the very zones that are critical to current forward deployment strategies. To support forces deployed overseas, it is indispensable to insure the safe transit of material out of our staging ports, through the Maritime Defense or Coastal Zones and finally, with similar techniques, to disembark such material on foreign shores.

The Commanders, Coast Guard Atlantic and Pacific areas, have expressed a need for at least 40,000 additional Naval and Coast

Guard Reservists just to effectively implement the full MDZ concept. We are pleased that the Administration has recommended an increase in the Coast Guard Selected Reserve of 500 - from 12,500 to 13,000. However, this minimal increase hardly responds to an established mobilization requirement of 27,400.

I would like to emphasize, however, that the Administration's requested increase of \$3.7 million for Reserve Training does not support the additional 500 selected Reserve personnel which have been requested. It simply covers cost escalation, pay raise annualization, Reserve G.I. Bill costs, and continuation of FY86 programs into FY87. The Administration has proposed an increase of 500 personnel and has not included one penny in the budget to support them. ROA estimates that an additional \$2 million is necessary to support this requested, and very essential, increase. It may appear that ROA is concerned about relatively insignificant amounts of money. However, as this committee well recognizes, \$2 million is not an insignificant amount to the Coast Guard.

I would like to focus briefly on the OE and A, C & I Appropriations, as recommended by the Administration. The Coast Guard projected equipment (air and sea) inventory is to be significantly increased by the add-on Coast Guard funding contained in the FY 1986 Defense Appropriation. Congress specifically noted that immediate procurement was expected, noting that the funding was for procurement, not design. However, the OE account would be increased by only 6 to 10 percent in Fiscal Years 1987 and 1988. There is an apparent imbalance in the perception of what would be necessary to responsibly field the new equipment that will be coming on line.

ROA is particularly concerned by the Administration's A, C & I request of only \$77.1 million. This obviously reflects a proposed reduction in procurement budget authority (which has

totalled approximately \$300 million per year in recent years) to offset the \$375 million add-on funding which was included in the FY 1986 Defense Appropriation. However, Congressional language clearly indicates that the 1986 add-on was to be used to procure additional equipment, i.e., an increase in the capital plant inventory. That add-on did not provide for the planned rehabilitation of the existing fleet of cutters, nor does the FY 1987 request. In fact, the Administration's Budget submission specifically acknowledges that only seven of twelve High Endurance Cutters (378' WHEC) and only six of sixteen Medium Endurance Cutters (210' WMEC) will have entered a shipyard for critical overhaul and modernization by the end of FY 1987. These are vessels that are particularly suited to the new Maritime Defense Zone mission in fulfillment of the Coast Guard's special augmentation-of-Navy role; they are also the classes of vessels that Reserve Vessel Augmentation Forces would be, and are, assigned to for training and mobilization.

This obvious attempt by the Administration to flout the intent of Congress is totally consistent with actions taken everytime the Congress appropriates add-on Coast Guard funding, through the Defense Department, for additional equipment. In the last five years, Congress has added \$975 million to be used for equipment procurement over and above that planned in the programmed A, C & I Budget. To the best of our knowledge, little, if any, additional equipment has been procured and the funding has consistently been used for purposes other than that intended by Congress. The Administration appears bound and determined that the capital plant inventory of the Coast Guard shall not be increased. ROA submits that it is time that Congress ensure the add-on funding is used for additional equipment as intended, that the normally programmed A, C & I Appropriation be funded in full, and that concomitant personnel, operating and maintenance growth, to support the additional assets, be mandated.

Accordingly, ROA strongly supports the FY87 Coast Guard Authorization Bill passed by the House (HR 4208), Section 2, which recommends an A, C & I authorization of \$300 million.

Two additional funding packages were carried in 1986 Navy appropriations for Coast Guard use -- through its Operating Expense account. One \$15 million package, sponsored by Representative Charles Bennett, (D-FL), was to provide 500 additional personnel to serve as boarding teams (TACLETS) to be carried on Navy vessels for drug interdiction efforts. Of more concern to ROA and Reserve forces is the \$100 million similarly provided to the Navy O&M account to reimburse the Coast Guard for expenses related to training and maintenance needs associated with military readiness. Neither increase is reflected in published budget material for the Fiscal Years ahead.

ROA is concerned that HR 4208 recommends only \$1.862 million for FY87 operating expenses. This is identical to the amount recommended by the Administration in support of a military personnel level of 38,652. While HR 4208 recommends a military personnel level of 39,200, an increase over the Administration request to include the 500 TACLET personnel, the House recommended no additional OE funding. ROA recommends that the FY87 OE account be increased by at least \$15 million, the amount appropriated in FY86 for the additional 500 TACLET personnel.

As noted earlier, ROA supports the Administration request for an increase of 500 Coast Guard Reservists; but we would reiterate that the 13,000 personnel requested still constitutes only 47% of Coast Guard mobilization requirements. The reflected rate of increase is a long way from matching the Department of Defense program that would put all of its Reserve Forces at 100% of mobilization requirements by 1988 - as illustrated in the following table:

	<u>ARMY</u>	<u>NAVY</u>	<u>AIR FORCE</u>	<u>MARINE CORPS</u>	<u>COAST GUARD</u>
	(Manpower Shown in Thousands)				
1980	202	86	58	33	11.7
1981	212	87	60	37	11.7
1982	242	93	63	40	12
1983	251	102	67	43	12
1984	255	110	70	43	12
1985	263	118	70	42	12.5
1986	273	125	75.6	43	12.5
1987	273	125	75.6	46	13
1988	292*	130*	75.6*	49*	13**
Percent					
Increase	<u>44.6%</u>	<u>51.2%</u>	<u>30.3%</u>	<u>48.5%</u>	<u>11%</u>

* 100% Mobilization requirements

** 50% Mobilization requirements

This gross disparity in mobilization manning between DOD Reserve Components and the Coast Guard Reserve draws attention to the eight Coast Guard operating expense programs identified as line items in the FY87 Administration Budget. One of these is Defense Readiness.

The FY 1986 Defense Appropriation placed those funds destined for the Coast Guard under Budget Function 050 (Defense). Chairman Walter Jones (D-NC), House Merchant Marine & Fisheries Committee, in a recent National Security Report, proposed that the Coast Guard budget come also under the scrutiny of the Armed Services Committees and Defense Appropriations Subcommittees. ROA supports this proposal and recommends consideration be given to breaking out the entire Coast Guard budget into two functions, Defense / Function 050 and Transportation Function 400. Such action might

provide a military identity which many consider lacking. Initially, this might create some confusion since the Coast Guard budget would have to be approved by two Appropriations Subcommittees, Defense and Transportation. However, the current authorization procedure constitutes precedent for such split authority -- the House Merchant Marine and Fisheries and Senate Commerce Committees authorize all Coast Guard except Reserve; the Coast Guard Reserve is authorized by Armed Services.

Clearly, Reserve funding could be considered a Function 050 activity; some A, C & I and OE funding was so treated in FY 1986. Function 050 funding would also escape the anomaly of labeling all Coast Guard Appropriations as "non-defense discretionary funding" as did the Senate and the Congress during consideration of the reduction initially proposed during FY 1986 appropriations deliberations.

In budget terms, does the Coast Guard really belong in Function 400, the Transportation "mixed bag?" In this budget function, the Coast Guard must compete with AMTRAK, CONRAIL, Urban Mass Transit and other transportation activities. The Administration wants to cut many of these activities drastically; however, in many cases Congress disagrees and insists on restoring these proposed cuts. Restoral funds must come from somewhere, and in Function 400 the Coast Guard is one of two large "dollar-for-dollar" accounts. Function 400 becomes even less desirable if trust funds (highways, airports, mass transit) are placed off budget. Such action would make the Coast Guard even more vulnerable when across-the-board cuts are made. Competition for funding among various agencies is desirable, but not when the competing agencies are so disparate in nature, and when some agencies (not the Coast Guard) have access to operations trust funds which act as a considerable buffer to service reductions.

While discussing the feasibility of a Function 050 budget for the Coast Guard Reserve and associated defense activities, ROA notes that the FY86 appropriations has benefitted Customs Service, through the Department of Defense, for drug interdiction aircraft modification. Funding was also added to the Air Force Appropriation for aircraft and a Command and Control structure to be used in the drug interdiction mission. We trust that these many drug interdiction efforts and elements are well coordinated. We also suggest that consideration now be given to the establishment of a Coast Guard Reserve aviation mission that would significantly enhance the Navy-Coast Guard Maritime Defense Zone capability and which would receive peacetime training and area familiarization through drug interdiction and surveillance activity.

Finally, ROA wishes to hoist a warning against current pressures to privatize a wide range of Coast Guard activities. These concepts are not new, they just carry different labels - and have been policy to varying degrees over the years. Not too many years ago there were moves to "civilianize" the service; then came pressures to contract out services through the so-called "A-76 process;" and now privatization.

There are many powerful arguments which support the conclusion that the multi-mission Coast Guard meaningfully and most cost-effectively promotes the general welfare of the nation, while significantly contributing to national security. The Coast Guard roles have been consolidated, reduced, expanded, surveyed and heavily scrutinized by both external and internal reviews over the years, and always have been determined to be in the public interest.

Generally, our Coast Guard has been a model for other nations; it directly returns to the nation some 300% over its total appropriations; and through a multiplier effect produced

through its ability to muster and coordinate a vast array of other private and governmental/public resources, the Coast Guard indirectly balloons this return.

ROA is greatly concerned with the adverse impact of any Coast Guard privatization on port security, coastal/maritime defense capability, Reserve training, salvage capability, vessel routing and the current military forward defense strategies. While providing the economic benefits noted above, the Coast Guard and its Reserve provide this country with a ready, highly-specialized, professional military force in position to support or link-up with the other Armed Forces if this nation must be defended -- ready on a 24 hour basis to go anywhere, in a moment's notice. As ROA has noted on numerous occasions the JCS War Plans call for the Coast Guard to perform a variety of missions, many overseas, in a national emergency. In many such mission areas the Coast Guard, alone among the Armed Forces, possesses the sole capability and expertise.

The loss of any significant portion of Coast Guard missions must perforce result in a loss of platforms and personnel necessary for mobilization, as well as loss of peacetime training platforms. Such action would clearly adversely impact our national security.

Even the staunchest proponents of privatization, such as The Coalition of Americans for Privatization, agree that national defense cannot be privatized and must be accomplished by the public sector. ROA contends that most of the Coast Guard's peacetime functions translate directly into wartime functions critical to national defense.

Accordingly, ROA, in the strongest possible terms, supports Section 5 of HR 4208, which requires identification of those Coast

Guard activities necessary to maintain a logistics capability sufficient to ensure effective and timely performance of Coast Guard missions in periods of national emergency or mobilization. Contracting out such identified functions is then prohibited.

DOT objects to this provision as unnecessary and unduly limiting to cost-effective contracting out under the provisions of A-76. ROA would emphasize that the policy established by HR 4208 is similar to that applied to the other Armed Services in determining what is, and what is not, a suitable function for contracting out (or privatization) -- no more, no less.

The thrust of DOT's objection supports the thesis of ROA's concern. Since the Coast Guard is the nation's fifth Armed Force, with specific responsibilities upon mobilization, should not the same rules for contracting out apply as they do for the other four Armed Services? In ROA's opinion, the answer is an emphatic and unequivocal "Yes!"

During the past few years, despite all efforts to the contrary, the Coast Guard has not fared well under the sole sponsorship of their designated Authorization and Appropriations Subcommittees. Only through the intervention of a subcommittee outside the normal "loop" -- the Senate Defense Appropriations Subcommittee -- has additional critical funding been provided in recent years. ROA asks that this subcommittee view the Coast Guard as our fifth Armed Force -- not just another regulatory agency or transportation agency -- when deliberating on annual appropriations and authorizations. The Coast Guard's military readiness and ability to carry out wartime missions should at all times be the paramount consideration to those who develop the Coast Guard budget. Other, oft-expressed, considerations must be secondary.

At ROA's Mid-Winter Conference I heard some long-time (some might call them old-time) Coast Guard Reservists sing the following to the tune of The Marines Hymn:

From the shores of Coney Island
To the piers of NYC,
We will fight our country's battles
As we go forth to victory.

Oh, the Army and the Navy,
They go out to meet the foe,
But the Coast Guard never will retreat
Cuz it has no place to go.

We trust that those words are not as prophetic as those people suspected ROA hopes that this Committee will ensure that the Coast Guard always has forward movement, even though it may have to "back and fill" a bit in the process.

Mr. Chairman, that concludes my presentation. I will be pleased to respond to any questions you or other Committee members may have.

NATIONAL MARINE MANUFACTURERS ASSOCIATION

STATEMENT OF KEVIN B. KEARNEY, LEGISLATIVE REPRESENTATIVE

Senator ANDREWS. Our next witness will be the National Marine Manufacturers Association, Mr. Kevin Kearney. Let me assure you, as I have the other witnesses, that your full statement will be in the record, and if you want to make a better record, you ought to leave time for questions. Because you are not doing your organization right if you do not let this record be as complete as it can be.

Good to have you here.

Mr. KEARNEY. Good morning, Mr. Chairman. The National Marine Manufacturers Association represents about 1,300 manufacturers of boats and boating products. We are in favor of the full level of the appropriations authorized in the boating safety account for the fiscal year 1987. We are in favor of 1 or 2 percent of that money going to the

Coast Guard to defray costs of administering the Safe Boating Safety Assistance Program.

We are opposed to the Transportation Department's proposal to restructure the Boating Safety Account, whereas currently under legislation \$30 million is to go to the States and \$15 million is to go to the Coast Guard. The Coast Guard presently wants about \$30 million.

We feel that this money would go into the operating expenses of the Coast Guard, not enhance boating safety. The Coast Guard itself feels, or has stated, that 90 percent of the search and rescue and safety mission is completed by the States, and we feel it is inappropriate that the Coast Guard should get two-thirds of the money for 10 percent of the effort.

Boaters are generally happy with this program. They feel that the States which are capable of matching the money on a 50-50 basis, get a lot of benefit for that money. And that the decreases in boating fatalities and injuries in the last few years are attributable to the State program being fully funded.

We would ask that the committee consider this request, on behalf of safety, that the States receive their full measure of funding and that the Coast Guard get 1 or 2 percent for administering that program.

Senator ANDREWS. Thank you, very much, Mr. Kearney, for an excellent statement. How many States are in the same shape as my home State of North Dakota, with boaters paying into the trust fund but no significant Coast Guard presence?

Mr. KEARNEY. Eve Finch will be here, from the National Boating Federation, and she has a list of those States. But a considerable amount, more than one-third of the States have no Coast Guard presence, including the District of Columbia, here.

Senator ANDREWS. And that is one of the major reasons that you are supporting keeping as much of this money as you can in State hands, rather than move to the Coast Guard hands.

Mr. KEARNEY. Also, because of the cutbacks that the Coast Guard had received in prior fiscal years, their mission relative to boating safety, which in their own opinion is one of their lowest priorities—I mean, they do have a multiple mission. They have cut back in those areas and delegated that authority to the States.

So even in those States where they have presence, they have given that to the State boating.

Senator ANDREWS. Thank you, very much, Mr. Kearney. Good to have you here.

[The statement follows:]

STATEMENT OF KEVIN KEARNEY

The National Marine Manufacturers Association, the national trade association for the recreational boating industry, is in favor of appropriating the full level of authorized funds in the Boating Safety Account of the National Aquatic Resources Trust Fund for Fiscal Year 1987, less such amount as may be withheld due to the Gramm-Rudman-Hollings law.

We have no objection to crediting the Coast Guard with an additional one to two percent of the money in the Boating Safety Account to defray costs of administering the state boating safety assistance program as is being proposed by the Coast Guard Authorization Act of 1986.

However, we are opposed to the Transportation Department's budget proposal to restructure the Boating Safety Account by reducing state boating safety assistance from \$30 million to \$15 million and crediting the difference to the Coast Guard's operating expenses budget.

Since the Coast Guard itself acknowledges that the states are doing 90 percent of the job in recreational boating safety law enforcement and education, it is illogical to award the Coast Guard two-thirds of the money in the Boating Safety Account for 10 percent of the total effort. We perceive that it is not a question of logic, but of overriding pressures created by the new budget balancing act to produce more revenues for the Coast Guard or see its multiple missions capability scaled back.

It is our position that it is not necessary to maintain the Coast Guard at maximum operating efficiency in the recreational boating safety field, that there are areas in which the Coast Guard can actually save the Federal Government money by delegating responsibility to the states or contracting out to the private sector, and that recreational boaters will get more mileage for their fuel tax in the Boating Safety Account by having the states match it dollar for dollar for boating safety programs. For the same reasons we are opposed to any attempt to impose additional user fees on recreational boating for Coast Guard services.

Since we testified before the Subcommittee a year ago, the National Association of State Boating Law Administrators (NASBLA) has completed a survey which confirms that the states are capable of matching Federal financial assistance for boating safety. The survey also shows that the states are making constructive use of the money in strengthening their marine law enforcement capability, promoting boating safety education, conducting search and rescue missions, etc., We believe that the steady reduction in fatal boating accidents, which reached an all-time low of 6.8 per 100,000 boats in 1984, is attributable to increased state efforts made possible by Federal financial assistance. Coast Guard backup is helpful and always appreciated, but the fact is that Coast Guard boating safety detachments have disappeared from the water due to budget restrictions, and recreational boaters in many parts of the country have absolutely no exposure to the Coast Guard.

We ask that the amount of appropriations from the Boating Safety Account withheld because of budget deficit reduction considerations be no more than the across-the-board spending cuts dictated by the Gramm-Rudman-Hollings law. This is because monies authorized but not appropriated do not remain in the Boating Safety Account for future appropriations. Nor do they lapse to general revenues. Public Law 98-369 provides that any part unappropriated automatically rolls over to the Sport Fish Restoration Account where under the jurisdiction of the Department of Interior it will be allocated to the states capable of matching it for sport fish management programs. The loss to boating would be irretrievable; the gains for sport fish management which already enjoy the benefits of a fund three times greater than the Boating Safety Account with the added luxury of a continuing permanent appropriation would be truly lopsided.

The National Marine Manufacturers Association therefore respectfully asks the Subcommittee to vote the full measure of funds authorized for state boating safety assistance and recreational boating services ascribed to the Coast Guard for FY '87, less adjustments to satisfy the Gramm-Rudman-Hollings law.

PRIVATIZATION ALLIANCE, CITIZENS FOR A SOUND ECONOMY
STATEMENT OF JEFFREY C. SMITH, DIRECTOR

Senator ANDREWS. Our next witness will be Jeffrey C. Smith, the director of the Privatization Alliance, Citizens for a Sound Economy. Mr. Smith, welcome to the committee.

Mr. SMITH. Thank you, Mr. Chairman, for the opportunity to present our views of the issue of the U.S. Coast Guard.

Citizens for a Sound Economy is a 250,000-member, grassroots organization, dedicated to returning economic decisionmaking to citizens.

One of CSE's main projects over the past 2 years has been privatization, the practice of replacing public sector activities with private sector alternatives. Experience has shown that reliance on private sources to deliver needed goods and services results in greater efficiency and lower costs.

I appear before your committee today to explain how privatization can help the Coast Guard better perform its traditional responsibilities while dealing with the funding shortages that are inevitable under the Gramm-Rudman-Hollings mandate to balance the budget by 1991.

Improving Coast Guard services while reducing costs might sound like a difficult proposition, but numerous studies and experience have shown that privatization may be the answer to many of the Coast Guard's present difficulties. The 1983 Grace Commission study, for example, placed significant emphasis on the cost-savings and avoidance that could be achieved through privatization.

We have recently published a study which builds on the Grace Commission's recommendations and found that privatization could result in savings of \$1.6 billion over a 3-year period. These savings would come from contracting out such things as short-range aids to navigation and buoy maintenance, while allowing the private sector to take over most nonemergency search and rescue work.

The area of nonemergency search and rescue work is most suited to the privatization. The Reagan administration's total fiscal year 1987 budget request for SAR is \$433 million. Estimates vary, but at least 50 percent of this money is currently spent on nonlife-threatening incidents.

The compelling reason why nonemergency search and rescues, SAR, should be privatized is that there already exists a great number of private firms which could easily expand to meet the demands of the boating public for safe, efficient, and reliable assistance.

We recently found, and we now serve as chairman of C-port, the Committee for Private Offshore Rescue and Towing. C-port is made up of firms which offer memberships providing on-the-water maintenance, towing, rescue, and even trip planning for low annual fees.

These organizations are much like the American Automobile Association of the water.

C-port is dedicated to the belief that the Coast Guard has no business competing with private towing and salvage operators, and that the Coast Guard, to the greatest extent possible, rely on private industry in all cases which are nonemergency in nature.

In a written policy, the Coast Guard has supported this goal. A 1983 directive issued by the commandant stated specifically: "It remains Coast Guard policy to refrain from competition with qualified commercial sources of assistance."

In conclusion, there are hundreds of private firms offering towing services, ready, willing, and eager to provide assistance to boaters.

Thank you, Mr. Chairman.

Senator ANDREWS. How much do your member firms charge stranded boaters for a tow?

Mr. SMITH. Approximately \$65 a year.

Senator ANDREWS. Is there a ceiling? At \$65 a year, in other words, they have an annual contract?

Mr. SMITH. It is an annual contract, just like AAA. I believe that is about \$45 now.

Senator ANDREWS. How do they handle emergencies?

Mr. SMITH. The Coast Guard would take care of the emergencies. The Coast Guard refers calls to the commercial, private sector at this point.

Senator ANDREWS. But you would handle the nonlife-threatening problem.

Mr. SMITH. And they would handle the simple towing; basically the commercial side of the operation. I might mention that the Coast Guard authorization bill, H.R. 4208, which, of course, passed the Senate, would turn back some of these—some of the gains that we have had there, and I encourage everybody to be aware of the kind of danger that could present.

Senator ANDREWS. Thank you, very much, Mr. Smith.

[The statement follows:]

STATEMENT OF JEFFREY C. SMITH

Thank you, Mr. Chairman, for the opportunity to present our views on the issue of the U.S. Coast Guard. Citizens for a Sound Economy is a 250,000 member grassroots organization dedicated to returning economic decisionmaking to citizens.

One of CSE's main projects over the past two years has been privatization, the practice of replacing public sector activities with private sector alternatives. Experience has shown that reliance on private sources to deliver needed goods and services results in greater efficiency and lower costs. As director of CSE's privatization project, I appear before your committee today to explain how privatization can help the Coast Guard better perform its traditional responsibilities while dealing with the funding shortages which are inevitable under the Gramm-Rudman-Hollings mandate to balance the budget by 1991.

Improving Coast Guard services while reducing costs may sound like a difficult proposition but numerous studies and experiences show that privatization may be the answer to many of the Coast Guard's present difficulties. The 1983 Grace Commission Study, for example, placed significant emphasis on the cost savings and avoidance that could be achieved through privatization. CSE has recently published a study which builds on the Grace recommendations and finds that privatization could result in savings of \$1.6 billion over a three year period. These savings would come from contracting out such things as short range aids-to-navigation and buoy maintenance while allowing the private sector to take over most non-emergency search and rescue work.

The area of non-emergency search and rescue work is most suited to the possibility of privatization. The Reagan administration's total FY 1986 budget request for SAR is \$433 million. Estimates vary, but at least 50 percent of this money is currently spent on non-life-threatening incidents.

The compelling reason that non-emergency SAR should be privatized is that there already exists a great number of private firms who could easily expand to meet the demands of the boating public for safe, efficient and reliable assistance. I recently founded and now serve as chairman of C-PORT, the Committee for Private Offshore Rescue and Towing. C-PORT is made up of firms which offer memberships providing on-the-water maintenance, towing, rescue and even trip planning for low annual fees. These organizations are much like American Automobile Associations (AAAs) of the water.

C-PORT is dedicated to the belief that the U.S. Coast Guard has no business competing with private towing and salvage operators and that the Coast Guard should, to the greatest extent possible, rely on private industry in all cases which are non-emergency in nature. In written policy the Coast Guard has supported this goal. A 1983 directive issued by the commandant stated specifically:

" It remains Coast Guard Policy to refrain from competition with qualified commercial sources of assistance."

The firms in C-PORT feel that the Coast Guard has adopted a policy of non-interference with the private sector in policy, but unfortunately not in practice. I have personally contacted over 100 private firms involved in marine towing and salvage, and an overwhelming majority of them complain of interference from the Coast Guard. Further, in light of the fact that over 80 percent of SAR operations are within three miles of shore and 72 percent involve recreational boats, it is clear that the U.S. Coast Guard is extending its limited resources into areas which could be better handled by the private sector.

Mr. Chairman, I think that it is high time that Congress look at the possibility of encouraging the use of private sector towing services as recommended by a 1983 National Advisory Committee on Oceans and Atmosphere (NACOA) study titled: "The

U.S. Coast Guard, Status, Problems and Potential." Other countries, such as Great Britain have comprehensive volunteer emergency rescue services. The British Royal National Lifeboat Institute (RNLI) serves in some of the busiest and most dangerous waters in the world. Organizations such as the RNLI are by no means amateur organizations, as it is extremely difficult to secure a position as a volunteer and training is rigorous.

Two firms which serve on C-PORT's steering committee are good examples of reputable and reliable private alternatives to the Coast Guard for non-emergency rescue work. The first is Sea Tow Services International, founded in 1983 by Joseph Frohnhoefer and Tom Czelatka in Long Island. For a \$95 to \$150 annual membership fee, a boat owner can call any of the more than 20 Sea Tow licensees up and down the East Coast and be rescued and towed as many times as necessary. Sea Tow has proven to be enormously successful. They have over 4000 members but face their most difficult competition from the U.S. Coast Guard.

The second example is the Great Lakes Prepaid Towing Association, which provides non-emergency rescue on Lake St. Clair, the Detroit River and the Western end of Lake Erie. This firm consists of five separate towboat companies which pool their respective resources to create a network for towing.

There are hundreds of private firms offering similar services located across the country ready, willing and eager to step in to provide assistance to boaters. Boaters would benefit as they could have more reliable assistance and not worry in a real emergency if the Coast Guard will be unable to handle their call because they are off performing a non-emergency tow. The Coast Guard itself would benefit as they would be able to concentrate on their traditional roles of military, law enforcement and emergency rescue. Lastly, the taxpayer would benefit as he would be relieved of the burden of having to subsidize the towing of generally wealthy boaters.

In conclusion, Citizens for a Sound Economy feels that privatization would benefit boaters, taxpayers and the Coast Guard itself. We encourage Congress and the administration to consider what positive results could come from a policy of increased reliance on the private sector. Thank You.

NATIONAL BOATING FEDERATION

STATEMENT OF EVE FINCH, PRESIDENT

Senator ANDREWS. Our next witness is Eve Finch, president of the National Boating Federation.

Ms. FINCH. Thank you, Mr. Chairman. It is good to be here this morning.

I serve as president of the National Boating Federation, a nonprofit, volunteer alliance of 29 boating and boating-related organizations.

Our combined membership is over 2 million recreational boaters. The members of the National Boating Federation have difficulty supporting the President's fiscal year 1987 budget wherein recreational boating is being hit for new taxes.

As you know, boating is an exception in recreation because boaters already have user fees attached to their activities through motorboat, fuel, and excise taxes.

These revenues are directed into the Wallop-Breaux Trust Fund for recreational boating safety, and sport fish restoration. The Wallop-Breaux Act would be weakened by the President's budget since it attempts to divert \$15 million from State boating safety accounts into the Coast Guard—not for increased boating services, but rather for the operating expenses of the Coast Guard.

You can imagine our dismay when suggestions are made to tax us even further under the banner of user fees, not to pay for services we receive, nor for new services, but rather a new tax for general deficit reduction.

I ask this committee to maintain the level of funding that the States now receive for boating safety and law enforcement. This funding provides services in areas where the Coast Guard does not have a presence and reserves the Coast Guard in coastal and inland water areas for higher priority missions.

In effect, the intent of the Wallop-Breaux fund would be best realized by encouraging the States to provide leadership in boating safety.

Second, the committee should investigate the Treasury Department's current estimates of motorboat fuel tax revenues. At three-fourths of 1 percent, the Federal estimate is meager compared to State figures where motorboat fuel taxes are estimated through sophisticated survey techniques, often demonstrating that more than 1 percent of the fuel tax in any given State is derived from recreational boating. An accurate Federal estimate would uncover approximately \$100 million for the

Wallop-Breaux Trust Fund rather than the \$72 million currently estimates.

Finally, put aside the concept of new user fees collected from recreational boaters for nonboating expenses. Just getting what we already pay directed into recreational boating would be a great accomplishment and diminish the need for new taxes.

You asked Mr. Kearney for the States that did not have a Coast Guard presence, and I do have that information.

Senator ANDREWS. Would you submit that list for the record? That would be most helpful

Ms. FINCH. Yes, sir.

[The information follows:]

A 1986 survey by the National Association of State Boating Law Administrators [NASBLA] finds evidence of substantial cutbacks in the number of Coast Guard stations in Alabama, Arizona, Arkansas, the District of Columbia, Michigan, Mississippi, New Jersey, Tennessee, West Virginia, and Wisconsin. Further, according to State boating safety law enforcement authorities, there is no Coast Guard presence at all today in Arizona, Arkansas, the District of Columbia, Idaho, Iowa, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, South Dakota, Utah, West Virginia, and Wyoming.

You will be especially interested to know that the Florida Department of Natural Resources in answering the NASBLA survey stated that their State was capable of matching Federal financial assistance for boating safety and that it could handle 65 to 70 percent of boating safety programs and recreational boating search and rescue missions with its allocation of the \$30 million authorization. The Florida DNR further states that it carried out between 8,000 and 9,000 SAR's in 1985. It is significant to note that since Florida started receiving Federal assistance from the Wallop-Breaux fund for increased law enforcement and education the number of recreational boating fatalities has declined from 68 in 1983 to 38 in 1985.

Senator ANDREWS. Last year, Congress doubled State grants. Have improved programs been put in place for this year's boating season?

Ms. FINCH. Would you repeat that, sir?

Senator ANDREWS. Last year, we doubled the State grant. Have improved programs been put in place for this year's boating season because of that increased grant funding?

Ms. FINCH. So far as I know, they have, although, as I understand it, the State boating law administrators are having difficulties substantiating this because they don't have a history; just the past year.

Senator ANDREWS. Thank you, very much. I appreciate your coming.

[The statement follows:]

STATEMENT OF EVE FINCH

My name is Eve Finch, and I appear before you today as President of the National Boating Federation, a volunteer non-profit alliance of 28 boating and boating-related organizations. Our combined membership consists of over two million recreational boaters.

The members of the National Boating Federation have difficulty supporting the President's fiscal year 1987 budget, wherein recreational boating is being hit for new taxes.

As you know, boating is an exception in recreation because boaters already have "user fees" attached to their activities through motorboat fuel and excise taxes. These revenues are directed into the Wallop-Breaux Trust Fund for recreational boating safety and sport fish restoration.

The Wallop-Breaux Act would be weakened by the President's budget, as it attempts to direct 15 million dollars from state boating safety accounts into the Coast Guard — not for increased boating services, but rather for the operating expenses of the Coast Guard.

You can imagine our dismay when suggestions are made to tax us even further under the banner of user fees, not to pay for services we receive, nor for new services, but rather a new tax for general deficit reduction.

I would like to ask the Committee to maintain the level of funding that the states now receive for boating safety and law enforcement. This funding provides services in areas where the Coast Guard does not have a presence and reserves the Coast Guard in coastal and inland water area's for higher priority missions. In effect, the intent of the Wallop-Breaux Fund would be best realized by encouraging the states to provide leadership in boating safety.

Secondly, the Committee should investigate the Treasury Department's current estimates of motorboat fuel tax revenues. At 3/4 of one percent, the federal estimate is meager compared to state figures where motorboat fuel taxes are estimated through sophisticated survey techniques, often demonstrating that more than one percent of the fuel tax in any given state is derived from recreational boating. An accurate federal estimate would uncover approximately one hundred

million dollars for the Wallop-Breaux Trust Fund rather than the seventy two million dollars currently estimated.

Finally, put aside the concept of new user fees collected from recreational boaters for non-boating expenses. Just getting what we already pay directed into recreational boating would be a great accomplishment and diminish the need for new taxes.

Thank you for your time, and if there any questions, I am most willing to answer them.

NATIONAL ASSOCIATION OF STATE EMERGENCY MEDICAL DIRECTORS

STATEMENT OF SUSAN D. McHENRY, CHAIRMAN, GOVERNMENT AFFAIRS COMMITTEE, THE NATIONAL ASSOCIATION OF STATE EMERGENCY MEDICAL DIRECTORS, PRESENTED BY MARY BERKLEY, EXECUTIVE DIRECTOR, OFFICE OF EMERGENCY HEALTH AND MEDICAL SERVICES FOR THE DISTRICT OF COLUMBIA

Senator ANDREWS. Our next witness will be Susan McHenry, the chairman of the Government Affairs Committee, of the National Association of State Emergency Medical Directors.

Ms. McHenry, good to have you here.

Ms. BERKLEY. First of all, I would like to say, Senator, that I am Mary Berkley, executive director, of the Office of Emergency Health and Medical Services for the District of Columbia, representing Susan McHenry and the National Association of State Emergency Medical Directors.

Senator ANDREWS. We are glad she sent such a competent substitute.

Ms. BERKLEY. Thank you, and good morning. In addition to our written testimony, we would just like to underscore several things, and that is, namely, that while EMS has been identified as a priority highway safety countermeasure the National Highway Traffic Safety Administration has articulated increased support in this area. One of the major problems has been that this sense of priority and importance had not flowed through to the State program level where the decisions regarding the allocation of 402 funds are made.

The priority of the safety highway representatives in many States have been passenger restraints and drunk driving, often to the exclusion of any significant activity in emergency medical services.

We surveyed our membership the first week of April and found that for fiscal year 1986, an average of 5.1 percent of the 402 funds awarded to a State were being directed to EMS projects at the State level. Seventeen of the 54 State and territorial EMS directors responding to our survey indicated that they did not receive any 402 funds in fiscal year 1986.

We are not asking on behalf of the National Association of State EM directors for funds to be earmarked for EMS, but we would request

that the overall level of 402 funding be maintained and that this subcommittee recommend the language be included in the appropriations bill, once again, stating the intent that 402 funds be used for emergency medical services.

To be effective and useful, we realize that Federal funds must be available to supplement State funds and to fill in the gaps, and we have listed in our written testimony that one of the high priorities is the development of a trauma registry as an example of a project that needs attention in most every State, but one for which State EMS agencies have a very difficult time obtaining State funding.

Federal 402 funds could be used effectively to meet this need. We are also addressing the need of further coordination with the highway safety representatives, because this has been a gap that we feel within the organization that needs attention.

We would also like to say that, in conclusion, it is essential that action be taken to ensure that emergency medical services systems already developed remain up to date with current medical technology and knowledge.

Thank you.

Senator ANDREWS. Thank you, very much. In last year's report, this subcommittee directed DOT to establish a Federal interagency council for EMS, urged the council to include necessary non-Federal experts. Have you or your organization participated in this council's work?

Ms. BERKLEY. This is just beginning in terms of the liaison. This has been helpful, but we are still getting reports from our States that there is a lack of coordination between the highway safety representatives and the State EMS directors. This has been helpful, yes, and we are participating.

Senator ANDREWS. But largely, it is just beginning?

Ms. BERKLEY. To some extent, yes. We are finding out from some of our State directors that there still is a gap that is there.

Senator ANDREWS. Thank you, very much. We appreciate your testimony.

[The statement follows:]

STATEMENT OF SUSAN D. MCHENRY

Mr. Chairman and members of the Subcommittee, my name is Susan D. McHenry and I am here today representing the National Association of State Emergency Medical Services Directors. My other role is that of Director of the Division of Emergency Medical Services in Virginia.

The National Association of State Emergency Medical Services Directors is composed of the director of the lead emergency medical services agency in each state, the District of Columbia, and the U.S. territories. Each of these agencies has the responsibility for the development of emergency medical services in their respective state or territory, as well as for licensing and inspecting ambulances, certifying emergency medical services personnel, and other activities related to maintaining minimum standards for prehospital emergency care.

As an Association, one of our purposes is to ensure continued support for the ongoing development of emergency medical services by working with the federal government. It is in this vein that I want to take the opportunity to present our views on the appropriations for the National Highway Traffic Safety Administration now being considered by your Subcommittee.

Beginning with the Highway Safety Act in 1966, the Department of Transportation has recognized the importance of emergency medical services to highway safety and, over the years, has assumed a much needed leadership role in this area. The early 1970's saw the passage of the Emergency Medical Services Act which heralded a major national effort to improve emergency medical services in this country. This program, administered by the Department of Health and Human Services, supplemented the ongoing work of the Department of Transportation. The changes stemming from this national movement are evident to some degree in virtually every community across this country.

Unfortunately, in recent years, emergency medical services has been pushed into the back seat at the federal level. We must ask why. Trauma continues to be a leading cause of death in this country for those under the age of 40. Of particular concern to the Subcommittee on Transportation should be the fact that about half of all severe trauma is caused by motor vehicle accidents.

While EMS has been identified as a priority highway safety countermeasure and the National Highway Traffic Safety Administration has articulated increased support in this area, one of the major problems has been that this sense of priority and importance has not flowed through to the state program level where the decisions regarding the allocation of 402 funds are made. The priorities of the state highway safety representative in many states have been passenger restraints and drunk driving, often to the exclusion of any significant activity in emergency medical services.

The National Association of State EMS Directors was extremely pleased to see the Congress state its intent in the conference reports accompanying the FY 1985 Continuing Resolution for the Department of Transportation that \$13.5 million of 402 funds be spent for emergency medical services. Over the past 18 months my colleagues and I have noticed a change in attitude about spending 402 dollars on EMS. No

doubt this is as a direct result of the recent emphasis placed on EMS, and on trauma in particular, by this Subcommittee as well as an increased effort on the part of the NHTSA.

Even with this renewed emphasis, it does not appear that the level of 402 funding allocated to EMS across the country has reached the level of funding intended by Congress. We surveyed our membership the first week of April and found that for FY 1986 an average of 5.1 percent of the 402 funds awarded to a state were being directed to EMS projects at the state level. NHTSA figures indicate that an additional 3.5 percent was allocated to local EMS projects or possibly to such shared projects as the purchase of a helicopter for both law enforcement and EMS missions. Combined, these reports would indicate that at a maximum, \$8.7 million was allocated to EMS. Seventeen of the 54 state and territorial EMS directors responding to our survey indicated that they did not receive any 402 funds in FY 1986.

While it is evident that the intent of Congress with regard to the allocation of 402 funds for EMS has been only partially met, we recognize that a shift in priorities and attitudes requires time. As I mentioned earlier, we have seen a greater willingness of the governors' highway safety representatives to fund EMS projects. Consequently, the National Association of State EMS Directors is not asking for funds to be earmarked for EMS, but would request that the overall level of 402 funding be maintained and that this Subcommittee recommend that language be included in the appropriations bill once again stating the intent that 402 funds be used for EMS.

With regard to the utilization of 402 funds for emergency medical services purposes, there is a need to allow states the flexibility to address their own particular problems and priorities. States and communities within each state are at varying levels of development, and as a result have different needs. Furthermore, most state governments have assumed a strong role in EMS development and have appropriated some funds for this purpose. These monies are being applied by states to address critical deficiencies. To be effective and useful, federal funds must be available to supplement state funds and to fill in the gaps. It is no longer appropriate to restrict funding to certain aspects of EMS or to place such a high priority on one area that funding for other areas is virtually precluded. The development of a trauma registry is an example of a project that needs attention in most every state, but one for which state EMS agencies have a difficult time obtaining state funding. Federal 402 funds could be used effectively to meet this need.

Two specific efforts are underway to further improve the relationships between EMS and highway safety at the state level. NHTSA has funded a joint project between the National Association of Governors Highway Safety Representatives and our Association to determine the most accurate measurement of the effectiveness of EMS relative to highway safety. Also, a few state EMS directors have been instrumental in convening regional meetings of state EMS directors and state highway safety representatives to discuss common interests, share ideas, and explore opportunities for joint efforts.

At the national level, the 403 funds appropriated to the National Highway Traffic Safety Administration are an example of monies whose ultimate effect is much greater than the actual dollar amount would

indicate. They serve as an important source of support for nationwide studies, demonstration projects and other such projects of a national interest. The information and results from these projects are made available so that all states can benefit from them. Because of the importance of the 403 funds to the further development of EMS, the National Association of State EMS Directors recommends that the amount of 403 funds appropriated to the NHTSA for EMS projects be increased in FY 1987.

As our emergency medical services systems and programs at the state and local levels become more sophisticated, there is a need for greater coordination. This is one of the major reasons for the existence of our Association. But, it is just as important that this coordination take place within the federal government where there are many agencies and departments with either a direct or peripheral interest in EMS. We are very pleased that the Federal Interagency Committee on EMS has been re-established and we are anxious and willing to work with the Committee in any way possible.

Finally, as our EMS systems mature, we become more and more aware of the many questions that are as yet unanswered. Many of those questions can only be answered through sound research and evaluation. We commend you for your initial effort to provide funding to address the recommendations contained in the recent report "Injury in America". There is a critical need for research in trauma. We would urge your continuing support of this important effort.

While the major effort of the 1970's produced some significant improvements in emergency medical services nationwide, the work is not done--not every community has an efficient and effective emergency medical services system. This is particularly true in rural areas where much of the service is provided by dedicated volunteers. Development of comprehensive emergency medical services systems takes time, and we find that communities are ready to take this step forward at different times. The scarcity of resources and the need to develop liaison with urban areas often complicates the development of rural systems adding to the length of time needed to fully develop them. Furthermore, it is essential that action be taken to ensure that EMS systems already developed remain up-to-date with current medical knowledge and technology. We cannot afford to let EMS fall once again into disrepair in hopes of later salvaging it with another national effort.

National Association of State Emergency Medical Services Directors
Highway Safety 402 Funding By State
FY 1986

State	Total 402 Monies	402 Monies Requested for EMS	402 Monies Allocated to EMS	Percent of Total	Do you Anticipate Applying Next Year
Alabama	\$ 1,829,490	\$ 60,000	\$ 60,000*	3.3	yes
Alaska	515,869	-0-	-0-	-0-	yes
Arizona	1,372,589	-0-	-0-	-0-	no
Arkansas	1,237,150	15,000	-0-	-0-	yes
California	8,836,591	-0-	-0*	-0-	?
Colorado	1,428,971	102,600	102,600*	7.2	yes
Connecticut	1,140,298	185,000	150,000	13.1	yes
Delaware	515,869	-0-	-0*	-0-	no
Dist. of Columbia	515,869	210,000	92,000	17.8	yes
Florida	3,815,236	-0-	-0*	-0-	yes
Georgia	2,456,676	-0-	-0-	-0-	no
Hawaii	515,869	60,000	-0*	-0-	yes
Idaho	744,755	61,000	61,000	8.2	yes
Illinois	4,590,389	77,300	85,000*	1.8	yes
Indiana	2,376,778	400,000	400,000	16.8	yes
Iowa	1,666,900	12,500	-0*	-0-	no
Kansas	1,613,221	106,884	106,884	6.6	yes
Kentucky	1,637,264	-0-	-0-	-0-	no
Louisiana	1,744,151	60,000	-0-	-0-	yes
Maine	515,869	395,000	161,500	31.3	yes
Maryland	1,552,349	123,000	98,000	6.3	yes
Massachusetts	2,090,242	130,000	50,000	2.4	yes
Michigan	3,774,878	52,000	52,000	1.4	yes
Minnesota	2,136,581	201,000	201,000*	9.4	yes
Mississippi	1,277,063	-0-	-0*	-0-	no
Missouri	2,362,954	250,000	250,000	10.6	yes
Montana	711,562	-0-	-0*	-0-	no
Nebraska	1,097,364	72,500	4,500	.4	yes
Nevada	540,244	38,000	38,000	7.0	yes
New Hampshire	515,869	-0-	-0*	-0-	no
New Jersey	2,622,936	150,000	150,000	5.7	yes
New Mexico	768,087	-0-	12,000	1.6	yes
New York	6,438,091	1,000,000	390,000*	6.1	yes
North Carolina	2,512,096	500,000	170,000*	6.8	yes
North Dakota	759,806	100,000	100,000*	13.2	yes
Ohio	4,246,578	385,000	385,000*	9.1	yes
Oklahoma	1,689,551	-0-	-0-	-0-	yes
Oregon	1,717,027	127,242	127,242*	7.4	yes
Pennsylvania	4,615,107	1,300,000	650,000	14.1	yes
Puerto Rico	1,107,276		61,000		
Rhode Island	515,869	-0-	-0-	-0-	yes
South Carolina	1,423,437	350,000	316,000	22.2	yes
South Dakota	692,344	66,575	66,575	9.5	yes
Tennessee	2,035,441	225,000	225,000	11.1	yes
Texas	6,422,870	325,000	325,000	5.1	yes
Utah	785,023	52,000	52,000	6.6	yes
Vermont	515,869	55,000	55,000	10.7	yes
Virginia	2,163,136	154,300	60,000	2.8	yes
Virgin Islands	257,933		60,000		
Washington	1,863,880	37,000	37,000	2.0	yes
West Virginia	859,894	90,000	90,000	10.5	yes
Wisconsin	2,226,969	315,000	315,000	14.1	yes
Wyoming	515,869	-0-	-0*	-0-	no
Totals	\$101,883,999		\$5,199,301	5.1 8.6*	

NOTE: *NHTSA figures indicate a total FY 86 EMS expenditure of \$8,767,100, which includes funding for local EMS projects and possibly helicopter purchase for law enforcement and EMS as well as 402 monies awarded to state EMS programs.

ASSOCIATION OF SLEEP DISORDERS CENTER

STATEMENT OF DR. MERRILL M. MITLER, PH.D., EXECUTIVE SECRETARY/TREASURER

Senator ANDREWS. Our next witness will be Dr. Merrill Mitler, of the Association of Sleep Disorders Center. Dr. Mitler, good to have you here.

Dr. MITLER. Thank you, Mr. Chairman. I am Dr. Merrill Mitler. I am a psychologist, trained in the physiology of sleep and the disorders of sleep.

I represent a national group of scientists and physicians who work at medical schools and hospitals throughout the United States. I am here today to explain why we are concerned about auto accidents.

Falling asleep at the wheel is a national nightmare. As this figure attempts to explain, sleep loss accumulates. The pressure to fall asleep builds constantly. At some point, pressure is overwhelming and the driver inevitably falls asleep.

It is appropriate in this context that the slang for falling asleep is crashing, for that is really what happens in these circumstances.

It is a national scandal that Americans do not know the simplest facts about sleep and the way sleep and wakefulness work in their brains. Each American should have some idea about his or her optimum amount of sleep. Each American must know that it is possible to have a dangerous sleep debt and be unaware of this debt until it is too late.

The best time to assess whether or not there is a sleep debt is after lunch in a warm room, when you are listening to a boring lecture. If you are having a terrible time staying away, you have a sleep debt. If you get sleepy when things are a little more lively, the debt is a little more serious and you are likely to fall asleep behind the wheel of a car.

The sleepy driver is just as dangerous as the drunk driver. Furthermore, alcohol will vastly increase the likelihood of falling asleep in the sleepy driver.

Our organization feels that the majority of one- and two-car accidents are due to the interaction of sleepiness and alcohol and the remainder are due to alcohol alone, or sleepiness alone. Only one in a million is probably due to a suicide, an epileptic seizure, or heart attack.

There are many other things that Americans must know about sleep. The sleeping brain is just as active as the waking brain, and in some ways more active. The great task of sleep research is to identify the important roles of the sleeping brain and to facilitate them.

We ask that you work with us through the Department of Transportation, to educate Americans about the principles of good sleep so as to reduce their sleep debt. Thousands of lives will be saved and the anguish and cost to America will be radically reduced.

Thank you, very much, for your interest and attention.

Senator ANDREWS. Thank you for your most interesting testimony, Doctor. You have suggested that the National Highway Traffic Safety Administration should assist the compilation and collection of data. What kinds of data would you like to see collected?

Dr. MITLER. Data at the site of an accident could be amplified greatly by interviewing those who knew the drivers involved, and asked key questions identifying the sleep history, and perhaps the medical history for key signs concerning sleep disorders or increased sleep death.

Senator ANDREWS. Thank you, very much, Doctor. I appreciate your appearance.

[The statement follows:]

STATEMENT OF MERRILL M. MITLER

I am Merrill M. Mitler, Ph.D., Director of the Sleep Disorders Center at Scripps Clinic and Research Foundation. I am Executive/Secretary of the Association of Sleep Disorders Centers, a national organization representing over 1,000 clinical specialists working at some 125 diagnostic treatment facilities situated at medical schools, hospitals, and other medical facilities throughout the United States.

A growing concern among my colleagues and myself has been the number of transportation related accidents, injuries, and fatalities that occur each year. Persons who operate machinery, automobiles and trucks, pilot airplanes or trains are falling asleep at the wheel. Sleepiness or sleeplessness is a major problem with a large part of our nation. In most cases, the conditions that exist are medically treatable. Sleep Apnea and Narcolepsy, conditions which disturb normal sleep during the night render a person sleepy, un-alert, and at risk to fall asleep while operating a vehicle. The problem is enormous. Here are some pertinent facts about Americans falling asleep at the wheel:

- o Clinical data indicate that falling asleep at the wheel is, second only to alcohol, the most common cause of one- and two-car accidents. Statistics implicate alcohol in 69 percent of fatal one- and two-car accidents. However, 31 percent cannot be explained by alcohol. In fact, in California in 1984, there was a total of 4,497 fatal accidents. Of those fatal accidents 44.7% involved single car tragedies. Inattentiveness or falling asleep at the wheel is the best explanation next to alcohol.
- o The most common medical causes of involuntary sleep at inappropriate times are sleep apnea and narcolepsy. About 25 million American adults suffer from these conditions.

- o Between 10 million and 20 million Americans use sleeping pills. These pills reduce alertness and promote sleep, and their effects can last throughout the day.
- o One of the first things doctors prescribe for patients who cannot stay awake is to quit alcohol and sedating drugs. Even in small amounts, such substances greatly aggravate the symptoms of excessive somnolence and lapses in attention.
- o The average sleep disorders center sees five new patients a week for the problem of involuntarily falling asleep at inappropriate times. A car accident is often the reason a somnolent patient seeks medical help. We calculate that 20,000 to 30,000 patients seek treatment each year for symptoms that place them at risk of falling asleep while driving. Fortunately, these conditions are successfully treated, once specialists diagnose the underlying cause.

Falling asleep at inappropriate times, such as while driving a car is obviously a lethal and intolerable risk for the individual and for society. Moreover, inappropriate sleep is a sign of several life-threatening, yet treatable medical conditions.

I would like to request your subcommittee address this concern in the Committee Report that will accompany your FY'87 Appropriations Bill. We are not requesting any additional money, but believe that within the safety activities currently being conducted at the Department of Transportation, the phenomenon of sleep related accidents stemming from lack of sleep from a treatable medical condition or an alcohol exacerbated sleep problem, does warrant some action by the Department in the realm of public awareness. Perhaps the Department could also assist in the compilation and collection of data.

Mr. Chairman, thank you for the opportunity to present the views of the Association of Sleep Disorders Centers. I am pleased to respond to any questions you now have, and further offer our organization as a resource in your Committee's future efforts to combat sleep related tragedies in our nation's transportation system.

LETTER FROM MERRILL M. MITLER

The Honorable Mark Andrews
United States Senator
United States Senate SH724
Washington, DC 20510

May 15, 1986

Dear Senator Andrews:

This letter is a more detailed response to your questions after my testimony at the hearing concerning the 1987 appropriations for the Department of Transportation (May 14, 1986).

Concerning the types of research that the National Highway Traffic Safety Administration might conduct, we ask for improved accident investigation. Specifically, we recommend that they consult with experts in Sleep Disorders Medicine to work out a 2-5 question addition to the accident report. These questions would permit experts in Sleep Disorders Medicine to ascertain whether sleep problems such as sleep apnea, narcolepsy, sleep deprivation, etc. might have been involved in the accident.

It is important that the DOT experts in human factors consult sleep researchers since wording the questions and interpreting the responses both require training in Sleep Research and Sleep Disorders Medicine. Imperfect questions can lead to inaccurate data.

I very much appreciate your interest in this matter so vital to our field and highway safety in general. If I can be of further help please do not hesitate to write or call.

Sincerely,



Merrill M. Mitler, Ph.D.

NATIONAL ASSOCIATION OF REGULATORY UTILITY COMMISSIONERS

STATEMENT OF GEORGE HARDY, CHAIR, STAFF SUBCOMMITTEE ON
RAILROAD SAFETY, NATIONAL ASSOCIATION OF REGULATORY
UTILITY COMMISSIONERS, PUBLIC UTILITY COMMISSION OF
OREGON

Senator ANDREWS. Our next witness will be Mr. George Hardy, chair of the Staff Subcommittee on Railroad Safety, representing the National Association of Regulatory Utility Commissioners.

You may notice, we are getting a little ahead of schedule. That is for your benefit as much as ours because there will be a couple of votes probably in the Senate this morning that will throw us a half an hour

or more off schedule. So that some of you do not have to come back tomorrow, which might not be too convenient, we felt we would rather get ahead of schedule, and then when the votes come, we will do all right later on.

Mr. Hardy, good to have you here.

Mr. HARDY. Thank you, Mr. Chairman. My name is George Hardy, and I am chairman of the Staff Subcommittee on Railroad Safety for NARUC, for whom I am testifying today.

We greatly appreciate your invitation to address the subcommittee on the issues of natural gas pipeline, railroad, hazardous liquid pipeline, and motor carrier vehicle safety grants-in-aid programs for fiscal year 1987.

Under these programs, Federal dollars are provided to participating States on matching basis of up to 50 percent of the State's total program costs and 80 percent for the vehicle program.

As a result, these national safety programs could be carried out at only a fraction of the Federal funding level that would be otherwise required. Since many of our members are current or potential participants in these programs, we are vitally concerned for their future.

On gas pipeline safety, NARUC is requesting \$6.8 million be appropriated for this program in fiscal year 1987. Since 1968, this program has been a model of Federal-State participation. Forty-eight States, the District of Columbia, and Puerto Rico participate.

Unfortunately, appropriations have fallen short of the 50-percent matching funds in recent years. For instance in fiscal year 1985, \$7.1 million was requested and only \$4.5 million was appropriated.

With the number of accidents occurring in this area, we feel that 50-percent funding is necessary.

The Hazardous Liquid Pipeline Safety Program has been around for 6 years, but funds have never been appropriated. Nineteen States have jurisdiction for the program and four more are seeking authority from the legislatures, so it is obvious now the States are ready to implement the program.

The fiscal year 1986 budget reconciliation bill merges this program with the Natural Gas Pipeline Safety Program, but it remains unclear how DOT will fund both programs as merged.

NARUC urges a separate appropriation for this program of \$770,000 for fiscal year 1987.

For the Commercial Motor Vehicle Safety Program, we support the \$50 million request by DOT to be appropriated. With the larger vehicle size and weight standards, safety is an ever-increasing concern of the States.

On rail safety, which I have an acute understanding, there are currently 31 States certified under this program. We feel it has been largely through the effort of the state inspectors that the railroad accidents have been reduced. Between 1980 and 1984, train accidents decreased 55 percent.

It is incomprehensible that FRA now proposes its termination when the rail safety program is achieving the results which were hoped for.

We support testimony previously given by the United Transportation Union on this issue.

There are some differences between the pipeline, motor, and rail programs. Pipeline and motor have never had large Federal field forces. Motor is small now, but requests for 150 additional inspectors could be followed by more.

FRA developed a large field force before the States had a chance to become involved. FRA criticized the States for not being as productive as their inspectors, however, we feel this is due to some vacillation in FRA concerning violations.

FRA also criticized the State inspectors for not being as qualified, yet FRA sets the standards, trains inspectors, certifies inspectors, has authority to review the State programs and take issue, if necessary.

In summary, the funding uncertainty has made the States reluctant to initiate new programs or fill existing vacancies. The State of New Mexico and also the State of Washington have unfilled vacancies due to this problem and other States have told me they are reluctant to go ahead and with new programs.

In summary, again, I would like to point out that in spite of the way the law is written, it turns out the States are actually subsidizing the Federal Government, to some extent, because we are willing to accept a Federal responsibility and pay 50 percent of the costs.

Senator ANDREWS. Mr. Hardy, if this committee granted the Department's request for the motor carrier area, it would almost triple funding in that area, \$17 million to \$50 million.

Can the States use that money efficiently?

Mr. HARDY. I believe some States may. My State, for instance, feels that it is probably moving a little bit too fast. However, I would be happy to respond in writing on that, with more information, if you would like.

Senator ANDREWS. Well, if you could do that, submit it for the record within the next week, we would appreciate having that information.

Mr. HARDY. Be happy to.

Senator ANDREWS. Thank you, very much.

[The statement follows:]

STATEMENT OF GEORGE HARDY

* The National Association of Regulatory Utility Commissioners (NARUC) strongly urges that funding be appropriated for the natural gas and hazardous liquid pipeline, rail and commercial motor vehicle safety grants-in-aid programs, which provide for the implementation of Federally-mandated standards to improve our Nation's transportation safety.

* Under these four programs, Federal grants-in-aid are provided to participating States on a matching funds basis of up to 50 percent of the States' total program costs (80 percent for the motor vehicle program) thereby creating a uniform national safety program which is carried out at a fraction of the Federal funding level that would otherwise be required.

* Since its enactment in 1968, the natural gas pipeline safety program has proven to be a model of Federal-State cooperation; however, funding continues to be insufficient to meet the program's needs. The NARUC requests that \$6.8 million be appropriated for this program for FY 1987.

* Although 19 States have jurisdiction and 4 States are in the process of procuring jurisdiction, the hazardous liquid pipeline safety program is in its sixth year without funding. In spite of the requirements of the Consolidated Omnibus Budget Reconciliation Act, which merges the natural gas and hazardous liquid pipeline safety programs and requires that no less than 5 percent of appropriated monies be spent on the hazardous liquid pipeline program, the NARUC urges that \$770,131.00 be appropriated for the hazardous liquid pipeline safety program.

* The FRA has sought to undercut the rail safety program by requesting no funding for it in FY 1987 which will force many States to withdraw from the program and will increase the amount of money the Federal government will have to pay to assure the same level of safety enforcement activity. The NARUC requests that the State rail safety program be preserved through the appropriation of \$3.5 million.

* With new 1982 motor carrier size and weight standards permitting larger carriers to operate on our highways, safety is an ever-increasing concern of the States. We urge that the full \$50 million requested by the Administration be appropriated for the commercial motor vehicle safety program.

I. Introduction

My name is George Hardy and I am Chair of the Staff Subcommittee on Railroad Safety of the National Association of Regulatory Utility Commissioners (NARUC) on whose behalf I am testifying today. With me today are Karen Hochstein, NARUC Director of Congressional Relations and Phyllis B. Levine, Assistant Director of Congressional Relations.

The NARUC is a quasi-governmental, nonprofit organization founded in 1889. Within our membership are the governmental agencies of the fifty States and the District of Columbia, Puerto

Rico and the Virgin Islands engaged in the regulation of utilities and carriers. Our chief objective is to serve the consumer interest by seeking to improve the quality and effectiveness of public regulation in America.

We appreciate this opportunity to express our strong support for continued funding of the Department of Transportation's (DOT's) safety grants-in-aid program in Fiscal Year (FY) 1987. The natural gas and hazardous liquid pipeline, rail and commercial motor vehicle safety grants-in-aid program provides for the voluntary State implementation of Federally-mandated standards to improve our Nation's transportation safety by providing Federal grants-in-aid to participating States on a matching basis of up to 50 percent (80 percent for the motor vehicle safety program) of the States' total program costs. As a result, these national safety programs can be carried out at only a fraction of the Federal funding level that would otherwise be required.

The NARUC is vitally concerned with the future of these safety programs since our members include those State regulatory agencies which are current or potential participants in them. Therefore, we strongly oppose any effort to eliminate or reduce funding for the Federal grants offered to participating States for the programs.

II. Natural Gas Pipeline Safety Grants-In-Aid Program

Since its enactment in 1968, the natural gas pipeline safety grants-in-aid program¹ has proved to be a model of Federal-State cooperation in its efficient implementation of gas pipeline safety standards. As administered through the Research and Special Programs Administration of the DOT (RSPA), the pipeline safety program provides up to 50 percent in matching funds to assist participating States in enforcing gas pipeline safety regulations. While the Federal-State partnership in this program

1 49 U.S.C. 1671.

has worked effectively, funding in the past has been insufficient to provide the full 50 percent matching funds authorized by law. The NARUC strongly believes that full 50 percent funding is important to the program's continued success, especially since the number of Federal safety standards violations discovered by State inspectors has continued to increase.

In 1986, 48 State agencies, the District of Columbia and Puerto Rico are participating in this program.² While the high level of State participation has continued, the funding needs have changed. In 1983, the States' requests for grants totalled \$5,472,140, while for 1986 the requests totalled \$6,816,293.

Congress raised the appropriations for FY 1985 one million above the \$3.5 million that was appropriated for FY 1983 and 1984. However, the monies still fall short of 50 percent matching funds. This year only 26 States are receiving the full 50 percent of their safety program costs.³ Without full matching funds, the gas pipeline safety program will suffer.

Federal funds allocated to this program have been put to effective use, permitting many States to establish and perfect State-level pipeline safety activities, as well as to finance personnel training, salary and equipment expenses. The States have further demonstrated their commitment to this program by contributing over 95 percent of the national safety inspection effort. However, the safety risks which this program is designed to minimize are substantial. Gas and hazardous liquid pipelines in the United States total approximately one and three-quarter million miles and transport more than half of the nation's energy supply. These pipelines carry large quantities of extremely volatile substances, often under high pressure, and expose large segments of the population to risks of potentially catastrophic proportions.

² See Appendix A for a list of participating States (Idaho lost its inspectors and had to drop out of the program).

³ See Appendix A.

In 1983, despite Federal-State inspection efforts, there were 1,580 gas pipeline failures, resulting in 12 fatalities and 245 injuries. In 1984, there were 1,071 gas pipeline failures resulting in 35 fatalities and 239 injuries. In 1985, there were 331 gas pipeline failures resulting in 26 fatalities and 106 injuries. What is particularly important to remember in looking at any of the DOT's statistics on the number of gas pipeline incidents and casualties reported is that substantive changes to the incident reporting requirements became effective July 1, 1984.⁴ For example, operators must now report incidents resulting in losses of \$50,000 or more; whereas, the reportable incident figure before July 1, 1984 was \$5,000 or more. This change in particular means that fewer incident reports are being received by the DOT, and therefore, it is impossible to make a meaningful comparative analysis of the reported incident data.

It is also imperative to remember that the State inspectors are in the business of preventing incidents, not just addressing a problem after the fact. As proof of the States' efforts to prevent incidents, State inspectors found 16,500 violations of Federal safety standards in 1983, 17,809 in 1984, and 16,018 in 1985.

What the NARUC and its member State commissions wish to impress upon the members of the Subcommittee today is that while we have seen many positive results from the Federal-State gas pipeline safety program, the program still has a lot of work ahead as long as safety violations continue. With full 50 percent matching funds, perhaps we can see the number of Federal safety standard violations decline with a corresponding decrease in the number of fatalities and injuries. Safety is not an area for trimming the budget.

The natural gas pipeline safety program is working and is an excellent example of the ability of the Federal and State governments

⁴ 449 Fed. Reg. 18956 (May 3, 1984).

to cooperate in protecting the public health and safety. The continued overwhelming State participation indicates the States' belief in the program's effectiveness. We urge the members of the Subcommittee to support the States' safety efforts by appropriating \$6,816,293 for the Natural Gas Pipeline Safety Grants-In-Aid Program.

III. Hazardous Liquid Pipeline Safety Grants-In-Aid Program

The hazardous liquid pipeline safety program, authorized by Section 205 of the Hazardous Liquid Pipeline Safety Act of 19795 is a Federal-State partnership for enforcing intrastate liquid pipeline safety. However, the program is in its sixth year and funds have never been appropriated. Presently, 19 States have jurisdiction for program eligibility through legislation and four States are seeking legislation to provide them with jurisdiction.⁶ Once again, however, the DOT budget request for FY 1987 does not include funding for the hazardous liquid pipeline safety program. If this program is to become viable, adequate funds must be appropriated by Congress.

The NARUC has historically sought funding for this program. In 1983, 1984 and 1985, the NARUC requested that \$1 million in start-up funds be provided for implementation of the hazardous liquid pipeline safety program; however, no funds were appropriated. Instead, language was included in H.R. 3128, the Consolidated Omnibus Budget Reconciliation Act of 1986, (signed into law by the President as P.L. 99-272 on April 7, 1986), merging the natural gas and hazardous liquid pipeline safety programs and requiring that no less than 5 percent of the monies appropriated to the merged programs be spent on hazardous liquid pipeline safety.

In spite of the requirements of the reconciliation bill, it remains unclear how DOT will be able to fund the programs as

5 49 U.S.C., Sec. 2001.

6 See Appendix B for a list of these States.

merged. We respectfully request that the hazardous liquid pipeline safety program continue to be funded separately at \$770,131.00. This amount is based upon grant requests received from the six States actively participating in the program in 1986.

The Federal minimum safety standards for hazardous liquid pipelines are now applicable to intrastate facilities. However, the States are now required to apply Federal regulations for the enforcement of intrastate safety measures without money for implementing this enforcement. The States have an interest in this program and now have the regulations available to make it work. With adequate funding, the hazardous liquid pipeline safety program could play a vital role in pipeline safety.

The DOT reported that in 1984 there were no fatalities and 19 injuries caused by 203 hazardous liquid pipeline accidents. For 1985, the DOT reported there were five fatalities and 18 injuries caused by 190 hazardous liquid pipeline accidents. An important point to make about these numbers is that there were no reporting requirements for intrastate hazardous liquid pipelines for 1984 or 1985. These statistics are only from records on interstate hazardous liquid pipelines accidents. As with the gas pipeline safety program, the NARUC wishes to emphasize that the major goal of this program is the prevention of accidents. We strongly urge the Congress to help untie the hands of the State safety inspectors enforcing Federal safety standards for intrastate hazardous liquid pipelines by ensuring adequate funding for the hazardous liquid pipeline safety grant-in-aid Program.

IV. Railroad Safety Grants-In-Aid Program

The NARUC is deeply concerned that the FRA has abandoned its commitment to the railroad safety grant-in-aid program, authorized by Section 206 of the Federal Railroad Safety Act of 1970⁷, by again recommending that funding for the program be eliminated in the coming fiscal year.

7 45 U.S.C., Sec. 435.

Currently, agencies in 31 States are certified under this program, evidencing their obvious commitment to assuring railroad safety.⁸ The number of inspectors has also increased from 92 in 1982, to 100 in 1983, and to 104 in 1984. As a result, each year the Nation's rail system destroys fewer lives and causes less property damage. Between 1980 and 1984, train accidents decreased 55.5 percent, or 46.7 percent when normalized by train miles, railroad injuries declined 38.2 percent; railroad fatalities were reduced 12.1 percent; and grade crossing accidents declined by 25.3 percent.⁹

Without Federal matching funds, budgetary restrictions may force many of our member agencies to reduce their level of participation or withdraw from the program entirely. States that may be able to continue operating a limited State rail program may lose their incentive to cooperate with Federal safety efforts. Any Federal cut-backs will reverse the trend toward safer railways which directly correlates with active State involvement in safety enforcement efforts and will increase the resources the Federal government will have to provide if required to completely fund the program.

With 300,000 miles of railways and 1.7 million freight cars, this Nation cannot afford to curtail its rail safety program. In recognition of this fact, Congress has consistently appropriated monies for the program ignoring Administration requests for no funding.

This year the Administration has been particularly insistent in its attempts to eliminate this important program by failing to release any of the monies appropriated by Congress for the program for FY 1986. Inquiries by many of our members to the FRA have

⁸ For a list of the participating States, see Appendix C.

⁹ Testimony of John H. Riley, FRA Administrator, before the Subcommittee on Transportation of the House Committee on Appropriations on April 2, 1985.

proven unsuccessful. States are being forced to rely on the dubious "good faith" of FRA that the FY 1986 funds will be released. In addition to urging the FRA to release the FY 1986 matching funds to the States, we respectfully request that the Subcommittee reiterate its support for this important program by approving \$3.5 million in funding for FY 1987 in order to continue Federal funding of the railroad safety grant-in-aid program.

V. Commercial Motor Vehicle Safety Grants-In-Aid Program

As part of the Surface Transportation Assistance Act of 1982, signed into law by the President on January 6, 1983 (P.L. 97-424), Congress authorized the motor carrier safety program, which provides matching Federal funds of up to 80 percent of a participating State's program costs. The amount authorized is to rise by \$10 million annually until it reaches \$50 million in 1988.

Administered by the Federal Highway Administration's (FHWA's) Bureau of Motor Carrier Safety, the transportation safety program's effectiveness is monitored by FHWA division offices located in each qualifying State. For FY 1984, safety grants were approved for 40 States, Guam and Samoa, and Congress appropriated \$8 million for this program in 1984 out of an authorized \$10 million.

For FY 1985, the number of safety grants that were approved increased to 49, which includes both States and U.S. territories. Congress appropriated \$17 million for this program out of an authorized \$20 million for FY 1986.

The FY 1987 DOT budget properly emphasizes the importance of commercial motor vehicle safety by requesting \$50 million for the State safety grants-in-aid program.

Motor carrier safety is of ever-increasing concern to the States. The new carrier size and weight standards mandated by the Surface Transportation Act of 1982 permit larger carriers to operate on our highways. Moreover, the impending further deregulation of the motor carrier industry will necessitate heightened attention to commercial motor vehicle safety as entry is relaxed. DOT's

proposed FY 1987 budget request of \$50 million for this program will enable State agencies to better perform their obligations under the commercial motor vehicle safety program. We respectfully urge the Subcommittee to continue to promote commercial motor vehicle safety by appropriating the full \$50 million requested by DOT for the commercial motor vehicle safety grant-in-aid program.

VI. Conclusion

The advantages of the Federal-State partnership for enforcing transportation safety regulation--the dollars saved in potential property damage and the immeasurable value in protecting lives--are adequate justification for full funding of the natural gas pipeline, rail, hazardous liquid pipeline and commercial motor vehicle safety programs. However, these programs share an additional beneficial feature in that the financial burden is shared by both the Federal and State governments. In this time of necessary budgetary restraint, such an arrangement is practical and efficient. The alternative is to eliminate all funding, which places at risk the continuation of these important safety programs. Without these programs, the Federal government is responsible for 100 percent of the cost of rail, motor carrier and pipeline safety; with the programs the States are helping to subsidize these Federal costs. The Federal spending requested herein will ensure the existence of a comprehensive safety plan worth twice that amount. We urge the Subcommittee to make available the funds to accomplish this eminently sensible goal.

[APPENDIX A]

1985 PIPELINE SAFETY GRANT ALLOCATIONS

STATE	GRANT NO.	REQUEST	ALLOCATION	% OF FUNDING
AL	DOT-GB-50001	\$ 301,479	\$ 142,216	23
AZ	DOT-GB-50002	\$ 315,395	\$ 140,202	22
AR	DOT-GB-50003	\$ 71,857	\$ 71,857	50
CA	DOT-GB-50004	\$ 262,500	\$ 111,989	21
CO	DOT-GB-50005	\$ 71,655	\$ 71,655	50
CT	DOT-GB-50006	\$ 61,500	\$ 61,500	50
DE	DOT-GB-50007	\$ 10,520	\$ 10,520	50
FL	DOT-GB-50008	\$ 46,086	\$ 46,086	50
GA	DOT-GB-50009	\$ 101,500	\$ 89,950	44
HI	DOT-GB-50010	\$ 12,500	\$ 12,500	50
IL	DOT-GB-50011	\$ 173,870	\$ 130,913	37
IN	DOT-GB-50012	\$ 69,925	\$ 69,925	50
IA	DOT-GB-50013	\$ 68,900	\$ 68,900	50
KS	DOT-GB-50014	\$ 105,449	\$ 98,381	46
KY	DOT-GB-50015	\$ 198,923	\$ 118,484	29
LA	DOT-BG-50016	\$ 451,846	\$ 172,887	19
ME	DOT-GB-50017	\$ 13,375	\$ 13,375	50
MD	DOT-GB-50018	\$ 33,967	\$ 33,967	50
MA	DOT-GB-50019	\$ 118,440	\$ 89,242	37
MI	DOT-GB-50020	\$ 96,147	\$ 96,147	50
MN	DOT-GB-50021	\$ 93,868	\$ 93,868	50
MS	DOT-GB-50022	\$ 99,757	\$ 99,757	50
MO	DOT-GB-50023	\$ 123,512	\$ 106,643	43
MT	DOT-GB-50024	\$ 44,220	\$ 44,220	50
NE	DOT-GB-50025	\$ 57,710	\$ 57,710	50
NV	DOT-GB-50026	\$ 26,739	\$ 26,739	50
NH	DOT-GB-50027	\$ 33,185	\$ 33,185	50
NJ	DOT-GB-50028	\$ 165,215	\$ 110,907	33
NM	DOT-GB-50029	\$ 118,850	\$ 116,875	49
NY	DOT-GB-50030	\$ 980,055	\$ 334,680	17
NC	DOT-GB-50031	\$ 107,221	\$ 107,221	50
ND	DOT-GB-50032	\$ 18,909	\$ 18,909	50
OH	DOT-GB-50033	\$ 177,815	\$ 127,734	35
OK	DOT-GB-50034	\$ 105,585	\$ 100,184	47
OR	DOT-GB-50035	\$ 49,187	\$ 49,187	50
PA	DOT-GB-50036	\$ 205,660	\$ 117,411	28
RI	DOT-GB-50037	\$ 58,358	\$ 58,358	50
TN	DOT-GB-50038	\$ 132,440	\$ 121,555	45
TX	DOT-GB-50039	\$1,255,579	\$ 430,108	17
UT	DOT-GB-50040	\$ 40,370	\$ 40,370	50
VT	DOT-GB-50041	\$ 30,435	\$ 30,435	50
VA	DOT-GB-50042	\$ 88,997	\$ 82,500	46
WA	DOT-GB-50043	\$ 44,150	\$ 44,150	50
WV	DOT-GB-50044	\$ 136,475	\$ 122,623	44
WI	DOT-GB-50045	\$ 131,094	\$ 112,169	42
WY	DOT-GB-50046	\$ 124,846	\$ 109,210	43
DC	DOT-GB-50047	\$ 81,121	\$ 81,121	50
PR	DOT-GB-50048	\$ 21,475	\$ 21,475	50
TOTAL		\$7,138,662	\$4,450,000	31

NOTE: THE "REQUEST" REPRESENTS 50% OF THE STATE'S ESTIMATED BUDGET. THE "% OF FUNDING" IS THE PERCENTAGE OF THE BUDGET REPRESENTED BY THE ALLOCATION.

[APPENDIX B]

HAZARDOUS LIQUID PIPELINE SAFETY PROGRAM

SUMMARY

States With Jurisdiction

Texas
California
Wyoming
Pennsylvania
Kansas
New Mexico
Montana
Ohio
North Dakota
Arkansas
Arizona
New York
Iowa
Nevada
Hawaii
West Virginia
Oregon
Oklahoma
Mississippi
19

States Seeking Jurisdiction

Louisiana
Alabama
Washington
Wisconsin

4

[APPENDIX C]

RAILROAD SAFETY GRANTS-IN-AID:
NUMBER OF STATES AND
PARTICIPATING INSPECTORS AS
OF FEBRUARY 1, 1984

State	Track Inspectors	Motor, Power and Equipment (MPE) Inspectors	Operating Practices Inspectors	Signals and Train Control Inspectors	Total
Alabama	2	2			4
Arizona	1(1*)	1	1		4
California	2	1			3
Connecticut	1				1
Florida	2	2			4
Illinois	4				4
Iowa	3				3
Kansas	1				1
Louisiana	1				1
Maryland	1(2*)	2(1*)	1		7
Michigan	4				4
Minnesota	1				1
Missouri	3				3
Montana	1				1
Nebraska	1	1			2
Nevada	1				1
New Hampshire	1				1
New Jersey	1(1*)				2
New Mexico		1			1
New York	3	3(3*)			9
North Carolina	2	1			3
Ohio	3	4			7
Oklahoma	2				2
Oregon	2	2			4
Pennsylvania	4	3			7

State	Track Inspectors	Motor, Power and Equipment (MPE) Inspectors	Operating Practices Inspectors	Signals and Train Control Inspectors	Total
South Carolina	1	1			2
Tennessee	2	2	1		5
Texas	3	2	3		8
Utah	1	1			2
Virginia	2				2
Washington	2	2	1	1	6
West Virginia	2(1*)	3	-	-	6
TOTAL (32 States)	65	38	7	1	111

*denotes non-federally funded

CRITERIA FOR STATE ACCIDENT SAMPLE

General:

An attempt was made to choose two groups of six States each: a) States participating and b) nonparticipating States (as defined below) which in 1979 had comparable accident totals for track and equipment-related accidents.

Purpose:

To determine if the number of accidents attributed to track and/or equipment problems declined at different rates for participating vs. nonparticipating States.

Definitions:

Participating States--States of long-term participation and the FRA/State Participation Program fully, or nearly fully, certified in track and equipment inspection programs.

Nonparticipating States--States which do not or have participated only for a short period of time.

STATE ACCIDENT SAMPLE

TRAIN ACCIDENTS BY STATE, BY CAUSE

Participating States	1979		1982	
	T	E	T	E
Florida	58	22	8	8
New York	130	65	55	33
Ohio	198	86	72	38
Oregon	30	36	20	40
Pennsylvania	331	104	96	40
Washington	63	45	21	7
	810	358	272	166

T = 66.4 percent reduction
E = 53.6 percent reduction

Nonparticipating States	T	E	T	E
Arkansas	61	29	29	17
Indiana	130	51	58	32
Kentucky	151	61	57	15
South Dakota	27	6	25	5
Texas	297	117	183	80
Wyoming	<u>22</u>	<u>24</u>	<u>15</u>	<u>16</u>
	688	288	367	165

T = 42.2 percent reduction

E = 42.7 percent reduction

Source: Accident/Incident Bulletins Nos. 148 and 151, Federal Railroad Administration, 1980 and 1983.

LETTER FROM GEORGE HARDY, PAUL RODGERS, AND PHYLLIS B. LEVINE

The Honorable Mark Andrews
Chairman
Subcommittee on Transportation
Senate Committee on Appropriations
156 Dirksen Senate Office Building
Washington, D.C. 20510

May 22, 1986

Re: Subcommittee Hearing
on DOT Appropriations
held on May 14, 1986

Dear Chairman Andrews:

On May 14, 1986, the National Association of Regulatory Utility Commissioners (NARUC) testified in support of Fiscal Year (FY) 1987 appropriations for four State safety grants-in-aid programs.¹ Following our prepared statement, you requested that we provide the Subcommittee with a response to the following question:

Q: Can the States use the \$50 million in motor carrier safety grants efficiently?

A: The Motor Carrier Safety Grant program, authorized by the Surface Transportation Assistance Act of 1982, provides grants to States to enforce Federal and compatible State standards applicable to commercial motor vehicle safety. The primary responsibility of the States under the program is to conduct roadside inspections with the purpose of preventing truck and bus collisions.

The DOT's FY 1987 request for \$50 million for motor carrier safety properly recognizes the increased cost of administering this important program. The 1982 Act had authorized matching funds of up to 80 percent of a participating State's program costs to rise by \$10 million annually until it reached \$50 million in

¹ The National Gas Pipeline Safety Program and the Hazardous Liquids Pipeline Safety Program, administered by the Department of Transportation's (DOT's) Research and Special Programs Administration (RSPA), the Commercial Motor Vehicle Safety Program, administered by the Federal Highway Administration (FHWA) and the Railroad Safety Grants-in-Aid Program, administered by the Federal Railroad Administration (FRA).

1988. The DOT saw the need to advance that maximum amount to FY 1987 in order to combat the monumental problem of motor carrier safety on our nation's highways. The DOT asserts, and the NARUC agrees, that a greater State inspection force is needed due to the larger carriers operating on our roads as a result of the new size and weight standards mandated by the 1982 Act. In addition, impending further deregulation of the motor carrier industry increases the need for additional funding as entry is relaxed.

The States will be able to use the funds efficiently by heightening the quality and quantity of their roadside inspections. The money will be used for recruiting, hiring and training State enforcement personnel. In Oregon, for example, the current allocation of motor carrier safety grant funds of \$680,000 allows the enforcement personnel to inspect only about five percent of the commercial vehicles traveling on the highways. Increased funding (approximately \$1.2 million of the proposed \$50 million total) would permit inspectors to increase their efforts by spot checking ten percent or more of the vehicles, thereby removing a greater amount of unsafe drivers and vehicles from the road. In addition, besides roadside spot checks, annual audits and in-depth studies of the various commercial fleets would be carried out to enhance safety.

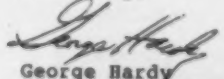
Currently, California receives about \$1 million in State grant funds and employs 12 inspectors. With approximately 300,000 interstate motor carrier entries per month, 12 inspectors is not enough to deter safety violations by motor carriers. At least three times as many inspectors are needed in California so that the frequency and consistency of inspections is high enough for the motor carriers to fear the likelihood of inspection and comply with the safety laws.

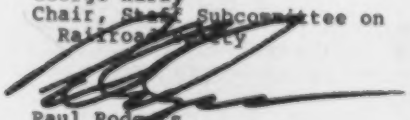
Moreover, the States and Federal government could use the money to fully implement "Safety Net", the national data system program in FY 1987. This national data bank uses uniform inspection documents for the States to record inspections and accidents via computer. Faulty vehicles and unsafe drivers can then be targeted and identified at inspection points and removed from the road if warranted.

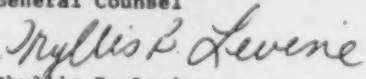
These examples demonstrate that the States would clearly use increased funding to expand their participation in the motor carrier safety program. For FY 1986, \$24 million in grants was requested by the States but only \$17 million was appropriated. If \$50 million was appropriated for FY 1987, the motor carrier safety grant program could be totally implemented by all the States.

The State enforcement agencies take the motor carrier safety problem seriously and intend to do everything in their power to save lives and prevent property damage. Therefore, we respectfully urge the Subcommittee to adopt the DOT's request for \$50 million for the motor carrier safety grants-in-aid program for FY 1987.

Sincerely,


George Hardy
Chair, Staff Subcommittee on
Railroad Safety


Paul Rodgers
General Counsel


Phyllis B. Levine
Assistant Director of
Congressional Relations

MARYLAND DIVISION OF LICENSING AND REGULATION

STATEMENT OF HILMAR B. CHRISTIANSON, ASSISTANT COMMISSIONER

Senator ANDREWS. Our next witness is Hilmar B. Christianson, assistant commissioner, State of Maryland, Division of Licensing and Regulations.

Welcome to the subcommittee. We have your statement in the record.

Mr. CHRISTIANSON. My job is to enable Maryland State rail safety inspectors to work effectively.

My plea to you is to continue Federal half funding of our program. Maryland has four federally half-funded inspectors. I, having worked nearly 50 years in rail transport, can say that they are dedicated, professional, and productive.

FRA paid us \$84,000 last year to enforce Federal regulations.

Now, Administrator Riley proposes zero funding because he thinks that this would have the least impact on his rail safety program. Quite to the contrary. I think it will have great impact on this program.

I find our inspectors out producing Federal inspectors and doing it at about two-thirds of the salary. He asserts that Federal inspectors are better because they are more mobile.

I don't quite agree. I think it is a little bit like saying storm troopers alone can maintain law and order.

And he says that it is essential to preserve the Federal inspection force. I think it should be rephrased. We should preserve and improve the most effective inspection system.

I have found FRA to be a very reluctant partner in this area of State participation in this rail safety program.

Senator ANDREWS. We appreciate your testimony very much. What percent of Maryland's cost for State inspectors is paid for by the Federal Government?

Mr. CHRISTIANSON. We have four inspectors that are half-funded. This includes their expenses and a small part of overhead and clerical work. Maryland also employs an inspector for its own rail safety program, which includes clearances, safe walkways, and industrial rail safety, none of which are covered under the Federal rail regulations.

Senator ANDREWS. Thank you, very much, Mr. Christianson. We appreciate your coming.

[The statement follows:]

STATEMENT OF HILMAR B. CHRISTIANSON

I laud the Federal Railroad Administration for working effectively on several difficult issues last year. But I am vexed that Administrator Riley again proposes zero funding for states participating in the federal rail safety program. After hearing his April 9, 1986 testimony to your committee, I believe he is misinformed.

Four years ago I heard former Administrator Blanchett tell a large group of federal and state inspectors that they are the elite corps, the visible presence of FRA, the mark of honesty and excellence. Apparently FRA changed its mind. Two years later, before the same assembly, Administrator Riley responded to my question about the future of state inspectors by saying FRA wants to integrate (absorb?) the state programs, would drop state funding first in any budget cut, and would have no sympathy for any state unwilling to dig up the funds lost. This fits neither the original intent of the law nor of 49 CFR Part 212: "It is the policy of the FRA to promote the growth and vitality of the State Safety Participation Program...."

Recently Maryland became the first state to have all four state disciplines: track, motive power and equipment, operating practices, and signal and train control. Our fifth inspector splits time between federal work and state work such as clearances and industry rail safety not covered by federal rules. Four inspectors are federally half-funded. In FY 1985 FRA reimbursed Maryland \$84,000, partly offset by \$25,000 in fines initiated by our inspectors.

I'm puzzled by the numbers FRA crunched and reported to you, Senator Andrews. So are the other state chiefs I talk to. Maryland state inspectors continue to report about 80% of all FRA safety defects found in our certified disciplines. Their salary scale is only two-thirds that of their federal counterparts. In some disciplines they reinspect to verify correction, an action not always taken in a timely way by federal inspectors. Last year our MP&E inspector examined 14,700 cars and reported 6.3% defective! We give you more for your money.

Administrator Riley would have you believe that inspector mobility is a federal asset. Sometimes, perhaps. But usually this means more travel time, more cost per inspected unit, and less effective enforcement. Special assessments are sometimes useful, and state inspectors sometimes help. But leaning heavily on special assessments is needlessly expensive and ineffective.

The FRA rail safety program should be a coordinated quality control program. A scientific quality control system would be far more effective for both FRA and the states. Apparently FRA has no such plans.

Federal failure to coordinate state work may spring from unfortunate words in the background to the 1982 revision of State safety participation regulations:

"...State inspectors will be utilized for routine surveillance and investigative activities rather than the more extensive and sophisticated tasks for which FRA inspectors will be responsible."

But FRA regulations are simple. Measuring safety by the regs is routine. It is not sophisticated. The inference that a federal inspector's task is too sophisticated for a state inspector is

fiction. Those federal inspectors I know would be embarrassed by it. Maryland state inspectors are competent, dedicated, professional and productive.

FRA says an inspector can practice only one discipline. I see no valid reason against certifying competent inspectors partly or fully in:

track/operating practices,
equipment/operating practices,
signal and train control/operating practices,
track/signal and train control, and
track/equipment.

Versatility would enhance state programs especially.

When states began enforcing federal regs, half the reportable train accidents were caused by track defects. The rest were due to equipment, operational, or miscellaneous defects. But today about half are caused by operational human factors defects. Despite this shift, 59% of state inspectors and 32% of federal inspectors in the four state disciplines are track inspectors. Only 9% state and 20% federal are operating practices inspectors. FRA should encourage multi-discipline inspection and should change the mix. More efficient, less costly.

In summary, rail safety inspection needs quality control and versatility, not assessment and mobility.

A solvable problem in Maryland, and some other states, is that we have many "overhead" trains, trains that neither originate nor terminate in our state. FRA reports nothing to Maryland. We have some ideas about how FRA might bridge this safety gap for citizens of Maryland and the entire country. I'll suggest them to Mr. Riley.

Maryland has another special problem: no way to assess carriers for the cost of its rail safety program. Amtrak and Conrail are federal stepchildren. B&O has charter exemption. That's most of the railroading in our State. And it's just one more reason why we appeal to you for continued half-funded FRA budget for state participation.

COLORADO 470 INTER-CHAMBER TASK FORCE

STATEMENT OF DAVID HOWLETT, VICE CHAIRMAN

Senator ANDREWS. Our next witness is Mr. David Howlett, the vice chairman of the Colorado 470 Inter-Chamber Task Force.

Mr. Howlett, good to have you here.

Mr. HOWLETT. Thank you, Senator Andrews. I am David Howlett and I serve as vice chairman of the Colorado 470 Inter-Chamber Task Force, representing a cross-section of interests in the Denver metropolitan area.

This is the 5th year that the task force, which represents business people, homeowners, labor, and governmental entities in the Denver metropolitan region, has traveled to Washington to make the case for the C-470 project.

When completed, the C-470 project will be a 26.1-mile-long, four-lane parkway, located in the southwest Denver metropolitan area.

The \$236 million parkway will connect I-25 on the Denver metropolitan area southside, with I-70 on its westside.

I am here to thank you for your generous help in fiscal year 1986, and to report that the funds appropriated for the project have been put to good use.

So much so that the task force and the department of highways jointly sponsored a grand opening to celebrate the opening of phase I of the three-phase project this past December.

In addition to my testimony, I have distributed a copy of a booklet entitled "C-470, Building on Progress," which I also submit for the record. You will note several examples of the many articles written about the opening of phase I. As you can see from this year's booklet, and from our continuing efforts since 1982, the C-470 project enjoys unanimous support from Colorado Governor Richard Lamm, all members of Colorado's congressional delegation, the department of highways, and a broad coalition of interests in Colorado.

I view this as a very exciting development since roughly 12 miles of the 26.1-mile-long parkway is now open for use by the public. This has proved that the moneys appropriated by Congress are being put to good use and producing results.

Before phase I opened, the department of highways estimated between 15,000 and 20,000 vehicles per day would travel on this incomplete stretch of C-470. As of April of this year, 25,500 vehicles per day are using this segment of the parkway, a 20-percent increase over what was projected.

Our needs continue. Growth pressures continue to build along the 470 corridor. Maintaining a reasonable and consistent level of funding continues to be the major issue facing C-470. Our desire is to finish the project as quickly as we can. The larger the funding amount that Colorado receives, the faster the project can be completed and open.

First, the need for the C-470 parkway is even more pressing as evidenced by the growth in the southern Denver metropolitan area, and the large traffic increases, both real and projected.

Second, as opposed to most other interstate transfer projects, which are beginning their concept and design phases, C-470 is under design and a large portion of the project is actually ready for construction.

In other words, moneys appropriated for the project can be spent for construction. Ultimately, these moneys are funneled back into businesses which strengthen overall local economy and reduce the unemployment rate.

Third, since the project is under construction, maintaining an adequate and reasonable level of funding makes economic sense. Congress and the U.S. Department of Transportation can get more bang for their buck by maintaining an adequate and reasonable level of funding.

Inflation continues to be a problem for not only 470, but for all transportation projects. The difference is that 470 can be built now.

Fourth, maintaining an adequate and reasonable level of funding also enables the department of highways to plan more accurately for man-

power needs, and to better meet construction schedules, thus helping the department to make more efficient use of funds.

Fifth, the Colorado Department of Highways has demonstrated a willingness to make State funds available to match any Federal funding allocation.

Specifically, I am requesting \$40.8 million in fiscal year 1986. If Congress meets this request, the interstate transfer amount for Colorado, as set by Congress in 1982, will have been met.

It should be noted that another \$30.1 million will still be needed to complete C-470, however.

On behalf of the Colorado 470 Inter-Chamber Task Force, representing a broad coalition of interest groups throughout the Denver metropolitan area and the State of Colorado, I thank you for your solid support in the past and urge you to increase the funding level in fiscal year 1987.

In addition, Senator Andrews, I would also just like to note that I understand Mr. Rex Jennings, president of the Denver Chamber of Commerce, also was here yesterday, and spoke with you concerning the project, as well, and voiced his continuing support for the project.

Thank you for your time.

Senator ANDREWS. Good to have you here. Thank you for your testimony.

[The statement follows:]

STATEMENT OF DAVID HOWLETT

Summary of Request:

The Colorado 470 Inter-Chamber Task Force offers testimony that substantiates the need for additional funding for the Colorado 470 (C-470) Parkway project and related Colorado Interstate Transfer projects. The C-470 project will be a 26.1 mile-long, four-lane parkway when completed in the southwest Denver metropolitan area. The \$236-million parkway will eventually connect I-25 on the Denver metropolitan area's south side with I-70 on its west side. Nine and one-half miles of the parkway opened December, 1985 -- in large part due to previous Interstate Transfer funding made possible through Congressional and Administrative actions. This coupled with an existing 2.2 miles provides 11.7 miles of the eventual 26.1-mile parkway to be open to the public.

Projects Involved:

Specific projects that are being funded through the Interstate Transfer program in Colorado, as well as those completed through the same program include:

- o Colorado 470 -- Phase I completed
- o Santa Fe Drive (includes Littleton railroad depression)
- o Mississippi Avenue -- completed
- o Kipling/Independence -- Arvada
- o Kipling/Jewell to Hampden -- Lakewood -- completed
- o Kipling/Hampden to C-470 -- Jefferson County
- o Wadsworth
- o Alameda -- completed
- o Hampden at I-25 -- completed
- o Yosemite -- completed
- o 104th Avenue -- completed
- o Rideshare project -- completed
- o Traffic changes (associated with 16th Street Mall in Denver) -- completed
- o 16th Street Mall -- Denver -- completed

Action Requested:

The Colorado 470 Inter-Chamber Task Force requests that Congress fund Colorado Interstate Transfer projects to the \$40.8 million level in Fiscal Year 1987.

Name and Title of Witness:

Mr. David Howlett
Vice Chairman
Colorado 470 Inter-Chamber Task Force

Mr. Howlett is Economic Development Director for the City of Littleton, Colorado, a southwest Denver suburb. Mr. Howlett serves as Vice Chairman of the C-470 Inter-Chamber Task Force, which is a Task Force sponsored by four Denver area chambers of commerce -- Centennial (Englewood and Littleton), Denver Golden and Lakewood/South Jeffco.

The C-470 Inter-Chamber Task Force represents a broad coalition of businesspeople, homeowners, labor groups and governmental entities, all of whom are vitally interested with the early completion of C-470.

Thank you Chairman Andrews and members of the Subcommittee. I am David Howlett and I serve as Vice Chairman of the Colorado 470 Inter-Chamber Task Force representing a cross section of interests in the Denver metropolitan area. This is the fifth year that the Task Force, which represents businesspeople, homeowners, labor and governmental entities in the Denver metropolitan region,

has traveled to Washington to make the case for the Colorado 470 (C-470) project.

When completed, the C-470 project will be a 26.1-mile long, four-lane parkway located in the southwest Denver metropolitan area. The \$236-million parkway will connect I-25 on the Denver metropolitan area's south side with I-70 on its west side.

I am here to thank you for your generous help in Fiscal Year 1986 and to report that the funds appropriated for the project have been put to good use. So much so that the Task Force and the Colorado Department of Highways jointly sponsored a grand opening ceremony to celebrate the opening of Phase I of the three-phased project this past December. In addition to my testimony, I have distributed a copy of a booklet entitled C-470: Building On Progress which I also submit for the records. You will note several examples of the many articles written about the opening of Phase I.

As you can see from this year's booklet and from our continuing efforts since 1982, the C-470 project enjoys unanimous support from Colorado Governor Richard Lamm, all members of the Colorado's Congressional delegation, the Colorado Department of Highways and a broad coalition of interests in Colorado.

I view this as a very exciting development since roughly twelve miles of the 26.1-mile long parkway is now open for use by the public. This is proof that the monies appropriated by Congress are being put to good use and producing results.

Before Phase I opened, the Colorado Department of Highways estimated between 15,000 and 20,000 vehicles per day would travel on this incomplete stretch of C-470. As of April of this year, 25,500 vehicles per day are using this segment of the parkway -- a 20 percent increase over what was projected.

Our needs continue. Growth pressures continue to build along the C-470 corridor. Two examples illustrate this point:

o Ken-Caryl, a major development at the west end of the corridor, is rapidly developing. This 9,136-acre development will ultimately house 17,000 residents and will contain 555 acres of commercial and industrial ground. Presently 6,000 people reside in the project with 900 people a year moving into the development. Approximately 100 acres of ground is presently platted for commercial and industrial development with 40 acres developed.

Roughly 2,000 people are currently employed in the development with an estimated 8,000 people to be employed at build-out.

- o Highlands Ranch, a major new development in this corridor, has grown from zero population in 1981 to nearly 4,000 residents today. More than 90,000 residents will eventually reside in this one development alone. In addition, more than 1,200 acres of land will be developed for commercial and industrial uses in this same development; 78 acres has already been developed.

These are but two examples of the rapid growth that the C-470 corridor is experiencing.

Maintaining a reasonable and consistent level of funding continues to be the major issue facing C-470. Our desire is to finish the project as quickly as we can. The larger the funding amount that Colorado receives, the faster the project can be completed and opened.

1. The need for the C-470 parkway is even more pressing as evidenced by the growth in the southern Denver metropolitan area and the large traffic increases both real and projected.
2. As opposed to more other Interstate Transfer projects which are beginning their concept and design phases, C-470 is under design and a large portion of the project is actually ready for construction. In other words, monies appropriated for the project can be spent for construction. Ultimately, these monies are funneled back into businesses which strengthen the overall local economy and reduces the unemployment rate.
3. Since the project is under construction, maintaining an adequate and reasonable level of funding makes economic sense. Congress and the U. S. Department of Transportation can get "more bang for their buck" by maintaining an adequate and reasonable level of funding. Inflation continues to be a problem for not only C-470 but for all transportation projects. The difference is that C-470 can be built now.
4. Maintaining an adequate and reasonable level of funding also enables the Colorado Department of Highways to plan more accurately for

manpower needs and to better meet construction schedules, thus helping the Department to make more efficient use of funds.

5. The Colorado Department of Highways has demonstrated a willingness to make State funds available to match any federal funding allocation.

The Colorado 470 Inter-Chamber Task Force again strongly urges Congress and the Administration to increase funding for the C-470 project. Specifically, I request \$40.8 million in Fiscal Year 1987. If Congress meets this request, the Interstate Transfer amount for Colorado as set by Congress in 1982 will have been met. It should be noted that another \$30.1 million will still be needed to complete C-470. This shortfall is a result of project costs inflating beyond the 1982 cap set by Congress. The longer that projects are delayed, the higher the costs to finish them.

On behalf of the Colorado 470 Inter-Chamber Task Force representing a broad coalition of interest groups throughout the Denver metropolitan area and the State of Colorado, I thank you for your solid support in the past and urge you to increase the funding level in Fiscal Year 1987.

Thank you Chairman Andrews, and members of the Subcommittee.

NATIONAL ASSOCIATION OF AIR TRAFFIC SPECIALISTS

STATEMENT OF BRUCE B. HENRY, PRESIDENT

ACCOMPANIED BY EDWARD L. HUIE, DIRECTOR OF LEGISLATIVE AFFAIRS

Senator ANDREWS. Our next witness will be Mr. R.H. Hogrefe, who is the director, state engineer, State of Nebraska, accompanied by James Suttle.

[No response.]

Well, they are not here.

Next, we will hear from Bruce Henry, president of the National Association of Air Traffic Specialists. Mr. Henry, good to have you.

Mr. HENRY. Good morning. Thank you, Mr. Chairman. I am accompanied by Ed Huie, our director of legislative affairs, and I will submit our statement for the record, and make a few comments, in the interest of time this morning.

In our statement, we address personnel levels as requested by the FAA for fiscal year 1987. The FAA has requested 740 fewer positions, plus less-369 full-time equivalents for the flight service option. Their argument is that automation and management initiatives allow this type of reduction.

We disagree with this. Automation is still floundering in the first three stations that it has been implemented in at Dayton, Bridgeport, and Cleveland. The specialists are being required to use a booklet of

about 40 to 50 what they call work-arounds because the software is not complete yet. If anything, it is increasing the amount of time that the specialists have to spend to give adequate pilot weather briefing.

If anything, the FAA should be considering increasing the staff of flight service rather than decreasing it at this point because automation is not fulfilling its obligations at this point.

Also, we are pleased to note that the FAA has requested at least \$55 million for facilities and equipment for 1987. We hope that this is the proper amount and we request that the committee carefully observe what they do with this money.

Another item we address in our statement is the GAO report on aviation safety. We note in that statement that 20 to 25 percent of tower and center controllers indicate that they quite often refuse requests to pilots for safety weather information due to higher priorities. In our statement, you will note that we suggest that we can alleviate a lot of the safety problems in aviation today, since 40 percent of all aviation fatalities are related to weather accidents, by just integrating the 3,000 flight service full performance level specialists that we have now more fully into the system, and encouraging airlines and commuters to contact flight service, which they don't do now at FAA's request.

Also, I would like to point out that under flight assists in our statement, we indicate the flight service specialists over the last—from between the years of 1980 and 1984, did over 3,000 flight assists, which amounted to about 42 percent of all flight assists in the three options, even though we have only 15 percent of the work force.

Our information is from the field that flight service specialists are being suppressed in reporting flight assists due to minute scrutiny by the facility chiefs. In almost 100 percent of the cases I have investigated in the last 3 months, every flight service specialist that rendered an assist to a pilot was put on remedial training by the facility chief for either use of improper phraseology or some minute technical malfunction in his performance.

Under privatization, we just would like to make the point that we don't support privatization and the statement will clearly indicate that under privatization that aviation safety records will probably decrease, and I will conclude my statement at that point, and answer any questions you have, sir.

Senator ANDREWS. Thank you, very much. Do you feel pilots are currently receiving the equal or better service called for in the law?

Mr. HENRY. Absolutely not, sir. As a matter of fact, if I had time, I could document the issues. The pilots, especially general aviation pilots, are very flexible and they always have been, and they are not calling the automated facilities.

Senator ANDREWS. Could you provide a supplement to your statement for the record that we could get within the next week of specific instances where they have not received equal or better?

Mr. HENRY. I certainly could.

Senator ANDREWS. That will be very helpful to us. We appreciate your testimony.

Mr. HENRY. Thank you, very much, Senator.

Senator ANDREWS. Thank you.

[The statement follows:]

STATEMENT OF BRUCE B. HENRY

Mr. Chairman and distinguished members of this Subcommittee, I am grateful that you have provided me with the opportunity to appear before you and to express my thoughts and opinions relative to the 1987 Budget Requests of the Federal Aviation Administration. I am accompanied by Mr. Edward L. Huie, our Director of Legislative Affairs.

The Flight Service System is an integral part of the Air Traffic Control System and there are approximately 300 flight service stations throughout the United States. The personnel who staff the Air Traffic Control System are designated by the Office of Personnel Management as Series 2152 and are called:

- o Air Traffic Control Specialists (Station)

This category is the least understood of all the categories because of the lack of term standardization and widespread use of colloquialisms. FAA, and others as well, confuse the issue by referring to this category as Flight Service Specialists, Specialists, Flight Service Station Specialists, Station Specialists, Station Personnel, Station Controllers and Controllers. It is so confusing that uninformed persons sometimes infer that these are the personnel who fuel and maintain aircraft. For NAATS, this is an overwhelming educational burden. One FAA Regional Director has even promulgated his own definition of the "controller work force" (Attachment).

The other two categories of specialists are:

- o Air Traffic Control Specialists (Terminal)

- o Air Traffic Control Specialists (Center).

This Association is designated by the Secretary of Labor as the exclusive representative of all the bargaining unit members who are Air Traffic Control Specialists (Station) Series 2152.

Personnel in all three categories are frequently called "Controllers", by FAA and others as well, and one might infer that they actually control aircraft in the ordinary sense of the word "control". Federal Aviation Administration Regulation 91.3(a) clearly states, "The pilot in command of an aircraft is directly responsible for, and is the final authority as to the operation of that aircraft".

For Flight Service, the President has requested a net decrease of \$1,100,000; 740 positions and 369 full time equivalent positions below Fiscal Year 1986; a drastic cut of 20%-24%!

In our opinion, no amount of automation in progress will satisfactorily result in personnel decreases of this magnitude. Regardless of "Management Innovations" we will see FSS part-timing on a wider and wider scale, with the attendant decreases in essential service to General Aviation and to Scheduled Carriers. Safety is not a part-time function — only eternal vigilance on a full time basis is acceptable.

Since 40% to 50% of all aviation accidents are weather-related, it appears to us that there should be more regard for aviation safety. On February 3rd, when Admiral Engen was asked (Senate Subcommittee on Aviation) about the impact of a 15-20% reduction in FAA's budget after 1986, he responded:

"I can visualize no reasonable way in which the FAA could absorb that kind of a reduction overall without serious deterioration of the current levels of safety services we provide."

and he further stated:

"In short, Madam Chairman, FAA operations resources are currently at levels close to the margin this year. There is virtually no flexibility left for us to deal with additional reductions in program levels without significant impact."

We agree with the Administrator's statement of the situation. We also believe that his statement firmly sets the minimum bare-boned 1987 personnel requirement for the Flight Service System at the FY 1986 level of 4,603 positions.

With the consolidation program on the verge of implementation; with the installation of Model I equipment; with the relocation of hundreds of employees and their families; with a vast retraining program; and with proposed personnel reductions, we fail to see how the FAA can possibly comply with the provisions of 49 USC 2224, which requires "as good as or better than the service provided when the station was open. . .".

We would be comfortable with the reduction if the positions were filled with full-performance-level (FPL) journeymen. Unfortunately, included in this number are facility chiefs, deputy facility

chiefs, developmentals, clerical workers, and training assistants along with the FPL journeymen.

We would appreciate personnel strengths in the bill being mandated as fiscal year-end strength or average fiscal year strengths, in order to establish a firm base upon which comparisons could be made. Additionally, a listing of the skills requested in the Justifications for each personnel community would provide a better insight as to how manpower is being utilized.

We are pleased to note that the FAA is requesting \$55,516,100 to fund the Facility and Equipment Account for Fiscal Year 1987. This compares to a request of zero dollars in Fiscal Year 1986. We are hopeful that the 1987 funds are sufficient to maintain the Flight Service System on a strong and viable basis with continued improvement in equipment and facilities.

We know that the FAA is undertaking many actions to meet their required 4.3% reduction for FY 1986. While these actions are achieving significant results, we fear that the Agency eventually will have to turn to the reduction of personnel costs, which amount to 75% of the FAA's operations appropriation.

FAA's daily payroll outlay is about 6.7 million dollars. Our solution and recommendation is to furlough all FAA employees in a staggered manner for enough days to make up the shortfall. This would be fairer to all employees and would distribute the burden on an equitable basis.

It is patently unfair to single out certain groups to bear this burden as was the plan, under a previous Administrator, when furloughs were considered.

Mr. Chairman, we note that the General Accounting Office has conducted an extensive study of the air traffic control work force (GAO/RCED 86-121 of March, 1986). We regret that the General Accounting Office failed to address the Flight Service System work force, but, nevertheless, we found information in the study which much be highlighted. On page 20 of Appendix I, witness McClure stated:

"We also asked controllers about two air traffic control additional services⁸ which can have a bearing on safety and which they provide pilots when they have time — responding to pilots' requests for traffic advisories and weather advisories. Even though a quarter of the controllers said they seldom, if ever, declined requests for traffic advisories, another third said

they often did. About half said they seldom, if ever, declined weather advisory requests, but one in five said they often did.

"Air Traffic control additional services include various advisories that are provided to the extent possible contingent only upon the controllers capability to fit them into the performance of higher priority duties and on the basis of the limitations of the radar, volume of traffic, radio frequency congestion and controller workload. The controller has complete discretion in regards to providing these services."

Again, on page 101 of Appendix III, witness McClure cited the same footnote but changed the statistics for a different situation:

"Over 40 percent said they seldom, if ever, decline weather advisory requests, but one in four said they often do."

Mr. Chairman and members, we do not believe that aviation safety is a part-time job and we do not believe that any FAA safety employee on the ground should have the option of denying, for any reason, a request for essential safety information to a pilot in command regardless of any other assigned duties.

Since 20%-25% of these terminal and center specialists admit to the denial of such requests from pilots in command we have, on a routine basis, a major defect in the Air Traffic Control System! This contributes, we believe, to the statistic that 40%-50% of all aviation accidents are weather-related.

Providing essential elements of safety information to the pilot in command on an "if-you-have-time basis" is dangerous, and has no place in any safety organization.

Our own solution would be the integration of Flight Service into the system with its approximately 3,300 full-performance level journeymen who are trained in weather interpretation and distribution, and are not burdened with conflicts of interest.

In order to provide a comparison of safety performance, the following chart provides information relative to flight assists (when pilot, crew, and passengers are in jeopardy) or "saves" by Air Traffic Control Specialists over a time span of five years. Please note that percentages for Flight Service are very high when one considers that the system is only endowed with one-fifth of the total controller work force.

FLIGHT ASSISTS

<u>CALENDAR YEAR</u>	<u>TOTAL</u>	<u>PEOPLE ON BOARD</u>	<u>FLIGHT SERVICE SYSTEM</u>	<u>TERMINALS</u>	<u>CENTERS</u>	<u>FLIGHT SERVICE SYSTEM - PERCENT</u>
1980	2,695	5,413	954	1,206	535	35.4
1981	1,933	3,654	867	777	289	44.8
1982	959	1,899	462	358	139	48.2
1983	1,005	2,323	459	406	140	45.7
1984	1,069	2,852	404	467	198	37.8

SOURCE: Hearings records of the House Appropriations
Subcommittee on Transportation

Our members tell us that they are discouraged by facility chiefs, from reporting "flight assists" because upon review, the journeymen participating may be cited for procedural errors during the "flight assist" evolution. We, accordingly, believe that the percentages cited above for Flight Service are understated.

During the past eighteen months, there has been a great deal of talk and rumor relative to the privatization of the Flight Service System. During that time, the FAA contracted for a study on the subject which has now been completed. It is entitled, "Flight Service Station Privatization Study", dated June, 1985. It was prepared under contract for the FAA by Comsis Corporation, Gellman Research Associates, J. Tilghman Montgomery Associates, and EXP Associates. Under the "Executive Summary", the safety impacts are quoted:

"The safety impacts of FSS privatization are significant; there would be an increase in the number of fatal weather accidents (a weather accident is one where weather was cited as a cause or factor) resulting from reductions in the use of flight services if user fees were imposed and the discontinuation of in-flight services, including assistance to aircraft in distress, search and rescue activities, and enroute flight advisory services (EFAS). There would be no significant safety impacts under Configurations II and III. Under Configuration IV, there would be an increase in the number of fatal weather accidents due to the decreased use of flight services, resulting in an estimated 34-48 additional fatalities per year, with an annual economic loss of \$23-32 million. Under full privatization it was estimated that there would be an additional 203-212 fatalities per year, due to the decreased use of weather briefings and the elimination of search and rescue, assistance to aircraft in distress, and enroute flight advisory service, with an annual economic loss of \$141-147 million.

"Also, there are significant legal questions about the FAA's ability to effect a complete withdrawal from the provision

of some or all FSS services. Specifically, it is not clear that the FAA's enabling legislation allows the Agency to divest itself of such responsibilities. Moreover, there are significant questions about the ability of private suppliers of FSS services to obtain insurance coverage for certain aspects of their potential liability. For example, there appears to be *little likelihood that such protection can be obtained at an acceptable price for services provided through air-to-ground communications.*" (Italics added)

"All things considered --

- o Some privatization is already underway with respect to weather briefings and flight planning. FAA should place no undue barriers before those who would supply FSS services on a user-fee basis.
- o Full privatization is not feasible. Full privatization is not even desirable because the private sector is not likely to supply in-flight services on a for-profit basis at levels approaching the output of those services by FAA.
- o Because privatization requires direct user payments for services, if private supply is the only source of such services, the safety of the aviation system will be materially degraded; this grows out of the fact that users' willingness (and ability) to pay is limited in both good and marginal weather.
- o Were full privatization a practical possibility, the system would be less safe than at present. Any reduction or elimination of the availability of FSS services will adversely affect aviation safety."

We concur with the views of the study group and believe that safety information for pay would be a disaster to aviation safety.

Thank you, Mr. Chairman.

[ATTACHMENT]

Subject INFORMATION: Controller Workforce
Definition

Date

JAN 27 1986

From Acting Manager,
 Resource Management Branch, ACE-570

Reply to
 Attn of

To All Central Region Air Traffic Managers

The term "controller workforce" is one which is becoming more and more common in our daily operation of the system. The attached definition is provided for your information. We have made several recommendations to expand the definition, but without success to date.

Any questions should be directed to Chuck Menges, ACE-571, (FTS) 758-6679.

J. Gates
 Quentin J. Gates

Attachment
 Controller Workforce

CONTROLLER WORKFORCE

The controller workforce is defined as full time permanent employees who are in a pay status in the enroute and terminal options in one of the following categories:

- Trainee, GS-2152-5 and below (CO-OP and Pre-Developmental);
- Developmental, GS-2152-7 through 13;
- Non-Radar and Limited Radar Controller (FPL), GS-2152-10 and 11;
- Radar Controller (FPL), GS-2152-11 through 14;
- Air Traffic Assistants, GS-2154-5 and 7.

Employment categories not listed above are not counted as part of the controller workforce. These categories include but are not limited to supervisors, even though they might work a significant amount of time controlling traffic; Traffic Management Coordinators at the Center; other than full time permanent employees (reemployed annuitants, etc.) who are working as controllers exclusively. Those people earning the 1.6% operational currency pay are not counted.

AVIOTEX VENTURES, M. GROUP CORP.

STATEMENT OF A. PASCAL MAHVI, CHAIRMAN OF THE BOARD

Senator ANDREWS. Our next witness, is Ms. Suzette Matthews, general counsel to the Air Traffic Control Association.

[No response.]

Then we have Mr. Pascal Mahvi, of the M. Group Corp. Good to have you here.

Mr. MAHVI. My name is Pascal Mahvi, and I am chairman of the board of Aviotex, a California company which provides computerized weather briefings to pilots.

I would like to express my sincere appreciation for the opportunity to present my views regarding the status of Federal programs relating to the automation of flight service stations. I have previously submitted a detailed, written document.

As an experienced pilot, I have encountered the delays and inadequacies of the FAA weather briefing system. This led me to enter the AVOCOMPS business by founding Aviotex and has brought me here today.

For reasons of pilot safety, flight service consolidation should not occur until the automatic graphic and alphanumeric weather presentation portion of model II, hereafter referred to as model IIA, is fully operational at the flight service. The FAA's current program of developing the model IIA portion of the model II, specification internally should be abandoned. Instead, this model IIA system should be procured by the FAA from the private sector, where it is fully operational and currently available at a fraction of the cost of internal development.

Cost saving, and thus flight service consolidation is a necessity. However, such consolidation cannot take place at the cost of pilot safety.

This view has been endorsed by Congress, which has prohibited the FAA from closing any additional flight services in 1986 until model I is satisfactorily demonstrated.

Furthermore, the statutory equal or better concept provides that no consolidation should take place until the service to be provided is equal to or better than the existing under the original system.

Despite the congressionally mandated standards, recent experiences at three flight services where model I is not deployed, as well as the FAA's demonstrated desire to close a number of flight services in the very near future, indicate that consolidation is in fact proceeding prior to required successful automation of flight service.

This trend of consolidation before automation illustrates two points. One, the FAA is under pressure to move forward with flight service consolidation, and two, the FAA's attempt to develop model I and model II internally over the last several years at a cost well in excess of \$100 million or more, has simply not been successful.

I see no benefit in second guessing why it hasn't been successful, but I most certainly believe that it is time to give careful and positive consideration to an alternative method of implementing the previously mentioned model IIA, which includes automatic color graphics, messaging, DUAT capability, and flight plan filing with ATC.

Specifically, I believe that the FAA should buy this model IIA capability from private sector, bypassing model I entirely. Should this happen, the Government would save the taxpayers several hundred million dollars.

At this moment, pilots across the country are purchasing model IIA services from AVCOMPS, such as Aviotex. A number of these AVCOMPS companies provide information in graphic and alphanumeric format that satisfies and in some cases exceeds the model II criteria. In fact, at this point, I should note that the FAA apparently

has decided to eliminate the graphic aspects of the model II specifications.

Thus, we are in a peculiar situation of requiring flight service briefers to wait until the mid-1990's to receive nongraphic computerized weather information, while pilots can currently purchase full-color, high-quality graphic weather information from private AVCOMPS at nominal cost.

Again, let me emphasize that the AVCOMPS weather services are not speculative or in the research-development stage. Model IIA exists. Pilots have been relying on AVCOMPS weather information for years.

Furthermore, there is even precedent for Government reliance on AVCOMPS weather. For several years, Aviotex's sister Canadian company, World Weatherwatch, has been providing full-color graphic model II weather information to Canadian pilots under an exclusive contract with the Canadian Department of Transportation. And, based on the recent FAA directive to flight service regions to procure graphic weather from AVCOMPS until its own nongraphic system is up, the FAA's southwest region has recently become a subscriber to one of AVCOMPS and is obtaining a limited amount of color-computerized weather graphics for the cost of a previously planned, not obsolete closed-circuit TV system.

This directive, however, does not attempt to standardize the service ultimately resulting in the nine regions to procure what they want independently.

The advantages of reliance upon the private sector are clear. The FAA could implement a full-scale automated model IIA system for the flight service, bypassing model I entirely within a matter of weeks as a subscriber to one or more existing AVCOMPS.

This would substantially increase the FSS briefer's productivity, thereby allowing them to serve more pilots at reduced costs. Furthermore, within 6 months after selection of a particular service, the FAA's system could be purchased and be entirely self-contained. That is, the system software could be installed in FAA computers and operating through dedicated FAA equipment and communications lines.

Once implemented, the FAA could cause a full model II system to be integrated with model IIA capability at a normal pace.

I suggest that there be an initial phase with the FAA's nine regions subscribing to several top candidate AVCOMPS to test their services on a limited basis, and at the end of the test period, the FAA could select the best service and subscribe to it.

Meanwhile, that AVCOMPS software could be purchased and be installed in the FAA equipment. When setup is completed, the FAA could terminate its subscription and commence operation of its self-sufficient system.

After a sufficient period of time, to demonstrate conclusively the operational safety of the new system, FSS consolidation could proceed at a rapid pace. Alternatively, the FAA could simply implement this model IIA system through permanent subscription to one or more AVCOMPS services.

I might add that the private sector can implement a DUAT program today. My company is deploying its DUAT nationwide, as I speak.

To summarize, the FAA's internal development of model II and model IIA is simply not succeeding. At best, the continuation of existing development programs would delay flight service consolidation for many years. At worse, given the pressure to consolidate, consolidation would precede adequate automation and flight safety will suffer, thereby increasing weather-related aircraft accidents and causing havoc with liability insurance.

Automatic graphic and alphanumeric weather information and flight plan filing is fully operational on a nationwide basis in the private sector and could be bought by the FAA for a fraction of the cost of completing the internal development of the model I system alone. Furthermore, operating under a careful implementation schedule that provides for a competitive testing, full installation of software in FAA computers and posttesting period, flight service consolidation could be initiated on a massive full-scale basis with complete protection of flight safety in under 2 years.

Thank you, for the opportunity.

Senator ANDREWS. Thank you, very much. Again, my apologies. You had an interesting statement. We would have liked to have developed it further with questions, but your time has expired.

[The statement follows:]

STATEMENT OF A. PASCAL MAHVI

My name is Pascal Mahvi. I am Chairman of the Board of Aviotex Ventures, a California company which provides computerized weather and flight planning services to pilots. In addition, I have been a pilot for 17 years and have logged over 2,500 hours in a variety of aircrafts ranging from helicopters to jets.

First, may I express my sincere appreciation for the opportunity to present my views regarding the status of federal programs relating to the automation of Flight Service Station, commonly referred to as FSS.

As a pilot, I have personally experienced the delays and inadequacies of the FAA's current weather briefing system. It was these "inadequacies" that led me to enter the AVCOMPS business by founding Aviotex, and these same inadequacies have brought me here today to discuss several important concerns relating to FSS modernization and consolidation.

Let me begin by summarizing my conclusions:

First, for reasons of pilot safety, FSS consolidation should not occur until the automatic graphic and alphanumeric weather presentation portion of Model II specification is fully operational at the FSS's. Second, the FAA's current program of developing the automatic graphic and alphanumeric weather presentation portion of Model II specification internally should be abandoned. Instead, this automatic system should be procured by the FAA from the private sector, where it is fully operational and currently available at a fraction of the cost of internal development.

It is now clear that cost-saving, and thus FSS consolidation, is a fact of government life. It is equally clear that such consolidation cannot take place at the cost of air transportation safety. This view has been endorsed by Congress, which has prohibited the FAA from closing any

additional FSS's in 1986 until the Model I weather information presented to FSS's is satisfactorily demonstrated. Furthermore, the statutory "equal or better" concept provides that no consolidation should take place until the service to be provided is equal to or better than that existing under the original system. These standards have been widely summarized by the slogan "no consolidation without automation." Despite these Congressionally mandated standards, recent experiences (including substantial delays at the FSS telephone, the loss of flight plans, and the filing of a number of grievances by FSS service personnel relating to the new Model I equipment), at the three FSS's where Model I is now deployed (Dayton, Cleveland and Bridgeport, Connecticut), as well as the FAA's demonstrated desire to close a number of FSS's in the very near future, indicate that consolidation is in fact proceeding prior to the required successful automation of the FSS.

This trend of consolidation before automation illustrates two points: (1) the FAA is under severe pressure to move forward with FSS consolidation and (2) the FAA's attempt to develop the automatic weather presentation portion of Model I and Model II specifications internally over the last several years at a cost well in excess of \$100 million or more has simply not been successful.

I see no benefit in second guessing why it hasn't been successful, but most certainly, it is time to give careful and positive consideration to an alternative method of implementing the automatic weather presentation portion of and Model II which includes automatic color graphics, DUAT capability and flight plan filing with ATC. Specifically, I believe that the FAA should acquire this Model II portion from the private sector, bypassing Model I entirely. Should this happen, the government would save the taxpayers several hundred million dollars.

At this moment, pilots across the country are purchasing high quality weather graphic and alphanumeric information (along with flight planning and a variety of related services) from AVCOMPS such as WSI, Lockheed, Kavouras and my company, Aviotex. A number of these AVCOMPS companies provide weather information in graphic and alphanumeric format that satisfies (or in some cases exceeds) the Model II criteria. In fact, at this point, I should note that the FAA apparently has decided to eliminate the graphics aspects of its Model II specifications. Thus, we are in the peculiar situation of requiring FSS briefers to wait until the mid-1990's (or later) to receive non-graphic computerized weather information, while pilots can currently purchase full color, high quality graphic weather information from private AVCOMPS at a nominal cost.

Again, let me emphasize that these AVCOMPS weather services are not speculative nor in the research and development stage. This portion of Model II exists; it is a reality in the private sector. Pilots have been relying on AVCOMPS weather information for years. Furthermore, there is even a precedent for government reliance on AVCOMPS weather. For several years Aviotex's sister Canadian company, World Weatherwatch, has been providing full color graphic weather information to Canadian pilots under an exclusive contract with the Canadian Department of Transportation. And, based on the recent FAA directive to FSS regions to procure graphic weather from AVCOMPS until this non-graphic system is up, the FAA's Southwest Region has recently become a subscriber to one of Aviotex's largest competitors, WSI, and is obtaining a limited amount of color computerized weather graphics for the cost of a previously planned, now obsolete closed circuit TV system. This directive, however, does not attempt to standardize the service, resulting in the nine regions to procure what they want independently.

The advantages of reliance upon the private sector are clear. The FAA could implement a full-scale automated weather graphic and alphanumeric system for the FSS (bypassing Model I entirely) within a matter of weeks as a subscriber to one or more existing AVCOMPS. This would substantially increase the FSS briefers productivity thereby allowing them to serve more pilots at a reduced cost. Furthermore, within six months, after selection of a particular service, the FAA's system could be entirely self-contained -- that is, the system software could be installed on FAA computers at a fraction of internal development cost and operating through dedicated FAA equipment and communications lines. Once implemented, the FAA could cause the full Model II system specification to be integrated to the automatic graphic, DUAT, and flight plan filing capability at a normal pace.

Exactly how should the FAA procure this automated graphic and alphanumeric weather portion of Model II from the private sector? Although there is certainly room for more thought on this issue, I would suggest that there be an initial phase where the FAA's nine regions subscribe to several top candidate AVCOMPS to test their services on a limited basis. After the end of the test period, the FAA would select the best service and subscribe to it. Meanwhile, that AVCOMPS' software could be purchased and installed on FAA equipment. When set-up was completed, the FAA would terminate its subscription and commence operation of its own self-sufficient system. After a sufficient period of time to demonstrate conclusively the operational safety of the new system, FSS consolidation could proceed at a rapid pace.

Alternatively, the FAA could simply implement this automatic portion of Model II system through permanent subscriptions to one or more AVCOMPS' services, depending upon the extent to which the FAA wishes to take advantage of the

economics of private sector activities. I might add that the private sector can implement a DUAT program today. My company is deploying its DUAT's nationwide.

To summarize, we are all in the fortunate position of dealing with known situations, rather than conjecture. On the one hand, regrettably, the FAA's internal development of Model I and II is simply not succeeding. At best, continuation of the existing development program will delay FSS consolidation for many years. At worst, given the pressures to consolidate, consolidation will precede adequate automation and flight safety will suffer, thereby increasing weather related aircraft accidents and causing further havoc with liability insurance.

On the other hand, automatic graphic and alphanumeric weather information and flight plan filing is fully operational on a nationwide basis in the private sector, and could be acquired by the FAA for a fraction of the cost of completing the internal development of the Model I system alone. Furthermore, operating under a careful implementation schedule that provides for competitive testing, full installation of software on the FAA computers, and a post-implementation testing period, FSS consolidation could be initiated on a massive full-scale basis, with complete protection of flight safety in under two years.

I thank you for the opportunity to appear before you today.

AIRCRAFT OWNERS AND PILOTS ASSOCIATION

STATEMENT OF JOHN L. BAKER

ACCOMPANIED BY JOHN SHEEHAN

Senator ANDREWS. Our next witness is Mr. John Baker, the president of the Aircraft Owners and Pilots Association.

Mr. Baker, good to have you here. As you know, your complete statement will be in the record just as though you uttered every word of it. There is a vote coming on the Senate floor.

Mr. BAKER. I have asked John Sheehan to join me. We will sum-

marize very quickly, and I am sure you already anticipate what we are going to raise.

Senator ANDREWS. I can guess.

Mr. BAKER. First, we would like to make a general comment to the chairman. We believe and I think there is pretty strong feeling across the industry at this point that it is time to take a hard look at whether or not the Department of Transportation and the FAA marriage should be dissolved. We, in aviation, are the losers of this particular forced amalgamation.

We have seen the Department of Transportation grow from a relatively small operation, with a \$6 million a year budget, which was to do intermodal planning, into an organization with an 1,100-person staff and \$56 million budget, and unfortunately, in their effort to micro-manage, they simply have injected themselves into areas where they have no expertise.

We are terribly disturbed where we see them involved in the near-term personnel activities within the FAA, and I think it is to aviation's detriment.

Obviously, the administration's position on the funding for fiscal year 1987 we find offensive in that it really represents a breach of commitment that the administration has made to the aviation community when we adopted the program in 1982, with an \$8 billion surplus, of which almost \$4 billion is unobligated. To cut back dramatically on funding at a time when we have major problems in the air traffic system is unconscionable as far as we are concerned, particularly since it is not general revenue moneys.

The effort to distort the funding pattern that was written into the legislation by going to 75 percent O&M whether or not they underfund in AIP, F&E, and R&D, is, we think, totally inappropriate. It denies any legitimacy to the claim that there is a public benefit from aviation and it, really, I think stimulates the move within the Congress now to take the trust fund off the budget.

We simply cannot get the modernization done if indeed politics is going to be played with the trust fund money which is the users' money; not the general fund's money.

Regarding FSS, of course, we have an abysmal failure on our hands, as everyone has indicated to you up to this point. According to the plan, which is now kept only in lip service as opposed to fact, we would have 32 automated flight service stations by the end of this year. We currently have three which are not even legitimately automated in the classic sense. They have something like 47 or 48 shortfalls on terms of automation.

In addition to that, in this particular budget, we have the irony of 740 additional flight service station people being cut from the roles, even though we have over 60 part-time stations currently, contrary to the commitment the Agency made to this committee.

Model II, of course, is dead in the water, and that was the user-friendly part of the system which was to be the one that would

represent cost savings. In fact, the data we have seen in recent years indicates that we have crossed over and it is costing more to run this hybrid system than we were paying under the old system, which was meeting our needs.

I think the committee ought to take a look at the performance of these systems; who is the principal contractor on the modernization program? They have been funded fully now for I think 6 years and we are 7 years behind on the program, at least in terms of model II, and not a heck of a lot closer than we were a year ago when we talked.

We would urge the committee to put in the prohibition again, against closing any further stations until comparable or better service is available.

We would urge the committee to ensure that the funding for LORAN-C, which is a very minimal amount of money compared to other pieces of aviation equipment, at least, be left in this budget because it opens every airport in the United States to instrument approaches; it is \$43 million. We figure we get a tremendous bang for the buck.

We have over 30,000 aircraft which are voluntarily equipped now with LORAN-C equipment. Up in your State, for instance, or up where I was raised in Nebraska, it is the only hope you have for precision, or even nonprecision approaches in most of the airports in the outlying areas.

We also have a major concern about systems engineering and integration. The \$685 million contract with Martin Marietta, of which they are asking \$83 million in this particular year's appropriations. It was our understanding that they were to help the FAA integrate the modernization program. To date, all we have seen coming out of that program is pronouncements as to how far we are behind. For \$84 million, it would seem to me we should be buying something more than that. For \$1 a year, we will be happy to come up and tell the committee we are behind on the modernization.

That is all we have, Mr. Chairman.

Senator ANDREWS. Thank you, very much, Mr. Baker, for the excellent statement. As a matter of fact, you answered all three questions that I had in the process of your statement summarization. Good to have you here.

[The statement follows:]

STATEMENT OF JOHN L. BAKER

INTRODUCTION

Mr. Chairman, I am John L. Baker, president of Aircraft Owners and Pilots Association (AOPA). AOPA appreciates the opportunity to appear before this committee today. We have reviewed, as carefully as the late arrival would allow, the budget proposals of the Federal Aviation Administration. There are clearly changes to be made to it that will be beneficial for all concerned.

The Aircraft Owners and Pilots Association is the largest aviation organization in the world. It has an audited membership--constituency--of 265,000 pilots who fly general aviation aircraft for business and personal reasons and own over 140,000 of the nation's aircraft.

AOPA members and their families also represent a very large organized group of passengers who travel on air carrier aircraft (\$500 million worth of ticket purchases annually). We are consumers seeking only safety, economy and utility.

OVERVIEW

The FAA is currently under much pressure to accommodate the needs of increasing numbers of users while being constrained by fiscal, safety and managerial problems. There are some that say the FAA cannot be responsive to system needs because of inherent bureaucratic inertia and political pressures. Because of this, a federal corporation has been proposed to take over FAA functions, in whole or part, to provide more flexibility and responsiveness to the needs of users.

We do not feel this really necessary at this time if the FAA is given greater autonomy to manage its own planning, operations and finances. A first step in this direction is removing FAA from under the oversight of the Department of Transportation and making it once again an independent agency. The second step is to allow the Aviation Trust Fund to be spent for its intended purpose, funding capital improvements for America's aviation infrastructure.

Department of Transportation (DoT)

The DoT was initially established to provide intermodal coordination and planning. In the 1960s, this had appeal from the standpoint of consolidating a variety of seemingly related functions under a single Cabinet-level position. Like so many other organizational entities, the DoT has evolved into something much more than just a coordination and planning agency.

When the Office of the Secretary of Transportation (OST) was established in 1967, 500 employees and \$7 million were adequate to perform these functions. In 1986, those numbers have grown to 1,100 people and \$56.5 million. Obviously, the functions of OST have expanded to include the residue of the Civil Aeronautics Board, but these do not account for the 120% increase in personnel.

From our perspective, this increase is caused by OST's delving deeper and deeper into the modal agencies' operational and regulatory functions. Instead of coordinating intermodal functions, the Office is setting policy, managing regulatory and technical functions and delving into day-to-day administrative functions in ever-increasing amounts. The FAA has become just a subset of the OST staff instead of a true major agency exercising the broad powers given it by the Congress in 1985 under the Federal Aviation Act.

It is time to remove the FAA from under the DoT umbrella to allow it to better serve the unique needs of aviation. To say that aviation matters need to be linked to and coordinated with the railroads and highways is like saying that the CIA should come under the State Department because they both deal with

other governments. The public interest will be better served by allowing FAA to function as an independent agency. Safety, technical, regulatory and similar issues within the FAA can be better performed without an additional layer of bureaucracy to go through. This is clearly an idea whose time has come.

The second part of improving the FAA's ability to do its job is to allow Trust Fund monies to be spent to authorized levels and to provide for exceeding these levels for well-justified and necessary programs. We do not advocate throwing Trust Fund assets at ill-defined problems, but there has to be some mechanism available for the appropriations process to be more responsive to the needs of the National Airspace System.

An independent FAA, provided with adequate funding, would more closely meet the needs of the users and would preclude the need for a federal corporation. The effect of the two organizational methods will be quite similar, and a difficult change to a whole new way of doing business under an entirely new administrative and control process will be avoided.

AVIATION TRUST FUND

The FY 1987 appropriations proposal calls for \$2.8 billion for Operations. However, seventy-five percent of these basic operating funds, \$2.1 billion, are to be drawn directly from the Aviation Trust Fund to cover the Federal Aviation Administration operation and maintenance expenses.

This proposal is \$736 million beyond what is authorized by law to be drawn from the Trust Fund to cover FAA operations. Congress committed this nation to a far-reaching plan to modernize the federal aviation system and expand this country's network of airports, and to assure this, it wisely established penalty provisions to ensure full funding. To eliminate these provisions would be to reward unkept commitments and broken promises to both the Congress and the tax-paying users.

The large Aviation Trust Fund surplus is an irresistible target. This Administration is proposing legislation which would amend the provisions governing the Trust Fund share of FAA operating costs to provide a flat 75 percent recovery rate. This effort is in direct conflict with the basic purposes for which Congress established the Aviation Trust Fund.

It is also in conflict with a basic promise made to aviation users. In 1980, then Presidential candidate Ronald Reagan responded to a series of AOPA questions regarding the use of the Aviation Trust Fund which were published in November 1980 AOPA Newsletter. I would like to share this with you.

"The present (Carter) Administration would like to milk the Trust Fund surplus for larger increases in operations and maintenance. I believe that O & M should continue to be funded at existing levels with modest increases, but not greatly increased."

President Reagan sharply criticized the Carter Administration for the same action as is presently proposed in the FY 1987 Federal Aviation Administration budget. This proposal is clearly a major breach of promise to the aviation users and not only provides no increase in capital development programs, airway improvements or capacity, but actually cuts them!

In addition, this proposal cancels the Aviation Trust Fund interest payment for FY 1987, thereby unfairly eliminating \$790 million from the fund. We oppose this maneuver and believe that the Trust Fund should continue to be invested in interest-bearing securities with appropriate interest allocated to this fund, as is the case with all other dedicated trust funds.

AOPA demands maintaining the Operations and Maintenance (O & M) penalty provision to force the necessary aviation capital investment programs.

OPERATIONS

Operations and maintenance funds constitute the major segment of the FAA budget and therefore deserve a great amount of attention.

Flight Service Stations (FSS)

The aviation community appreciates your committee's leadership in the flight service station issue. Mr. Chairman, the FAA appeared before your subcommittee on January 4, 1985, to request permission to close down flight service stations and transfer these personnel to new buildings without the planned Model I automation equipment. The committee did permit some facility closures for FY 1985, but listed in a letter dated January 30, 1985, specific guidelines for additional closures.

"1) Model I equipment testing and installation should be expedited. The Committee expects FAA to meet its current schedule to install three systems in May, and to complete installations by November, 1986. Every effort must be made to commission Model I equipment in tandem with the commissioning of an automated facility. The Committee will not view favorably additional consolidations beyond FY 1985 unless Model I equipment is fully certified.

Also, future contracts should be executed with penalty clauses to provide insurance against slippages such as FAA has realized with the Model I program.

2) Actual savings from consolidations are to be tracked, especially given the reductions since last year's report in total flight services and services per position. As discussed in the January 4 hearing, FAA should manage this program to equalize better the number of services at facilities.

3) FAA should continue its discussions with private contractors of aviation weather information in order to ensure that such services are compatible with federally-funded activities. As Model 2 software is developed every effort should be made to take into consideration what is likely to be available to pilots from the private sector.

4) The Committee expects FAA to continue to study the concept of adjunct flight service stations and not to move forward with consolidations in regions where adjunct facilities are appropriate.

Lastly, the Committee expects to review the Department's contract tower proposal and instruct FAA to continue to review the need for towers where safety considerations warrant the establishment of either a Federal or contract tower facility."

Mr. Chairman, we do not believe that FAA has met these requirements and should not be allowed to proceed with further consolidations at this point. FAA has failed to maintain the "equal or better service" to the aviation community. We urge this committee to prevent any further closures of flight service station facilities until the automated equipment is installed, tested and proven.

The FAA long ago abandoned the goal of having 32 automated flight service stations (AFSS) in place by the end of FY 86. They will be lucky to have ten in commission by the end of the fiscal year. Simultaneously, they have been

closing and consolidating the old manned FSSs in anticipation of the new stations coming on line as originally scheduled. Not only have the closures gotten ahead of the AFSS commissionings, a serious personnel imbalance has developed as the result of the automated program's slippage.

Personnel savings have long been touted as a prime advantage of automating the FSS system. The phasing-out of personnel was to have been gradual and synchronized with AFSS commissionings and FSS closures. But, when these events got behind schedule, adjustments were not made to the personnel phase-out plan: As a result, flight service station specialist manning is dangerously low at many stations throughout the country--so low that there have already been a few FSSs that have had to reduce their hours of operations from 24 to less than 18. This is not a planned event, either. The FAA has had to do this on an emergency part-time basis.

Part-timing of an FSS denies a pilot of critical services that affect the utility of his operations and also safety of flight. Weather briefings, flight plan handling, inflight communications, weather observations and emergency services are all essential support elements for every flight. Without these available to the pilot, he is exposing himself and his passengers to unnecessary risks.

With this in mind, it is inconceivable that FAA would propose to further reduce its FSS personnel in FY 87. But, the Administration has listed a reduction of 740 full-time permanent and 369 full-time equivalent FSS positions in the FY 87 budget request.

If this is allowed to happen, most stations will have to be part-timed as these numbers represent one-fifth of the flight service station specialist work force. Moreover, current personnel manning has yielded an unsatisfactory level of service at many stations during peak hours and periods of bad weather. The flight service station staffing levels have eroded to such an extent that there is a serious threat to aviation safety.

Therefore, we strongly urge this committee to halt cuts in personnel until the FAA can clearly show acceptable progress with the automation process and that equal or better service is available to the flying public.

A similar undermanning situation has developed with airway maintenance technicians. They are 8.5% below authorized levels and face an uncertain future regarding manning levels. Investigation of this situation should also be made a priority.

FACILITIES AND EQUIPMENT

Flight Service Stations

As previously mentioned, the FSS modernization has proceeded at a slow and unsatisfactory pace. \$44.8 million is requested for FY 87 out of a total program cost of \$322 million. In our opinion, the FAA has not been well served by the prime contractor, E-Systems. Not only did we not get what we wanted in the basic system (Model I), the development of the ultimate system, Model II, has been stalled for more than a year pending resolution of problems with the basic system. This brings the total Model II delay to seven years and places it far over budget. We feel that this contract is far enough behind schedule and specification to warrant an investigation by this committee, and we strongly urge you to do so. The flying public is not getting its money's worth with this system and is being exposed to worse service than was available under the old system. See Attachment #1 for additional information.

Additionally, the delay in moving forward with an essential element of the Automated Flight Service Station system, Direct User Access Terminals (DUAT),

is a great detriment to the user. Private systems have been in existence for more than three years than can more than adequately fill the users' needs. The FAA must be forced to complete its evaluation of system alternatives.

Loran-C

This \$43 million item will complete the installation of ground stations of a very useful navigation system that will provide full coverage for the continental United States. We fully support this item and urge that this be given priority to ensure its timely completion.

This is a system that has gained wide user acceptance. It will provide accurate low-level navigation and instrument approaches where none would otherwise be possible. This is truly an idea whose time has come through the popular acclaim of pilots and operators.

Microwave Landing System (MLS)

We have been quite vocal in opposition to this system for a number of years and continue to be so. MLS does not have the advantage over ILS in terms of safety, siting, capacity improvement and operational flexibility that have been so highly touted. Now, the installation schedule is at least eighteen months behind and slipping further due to software problems. This fact makes the system even less attractive to the user because the full complement of 1250 ground units will probably not be in place until the end of the century.

This system has few champions among the users' community, and as we are denied precision approach capability while waiting for MLS, there will be a growing animosity to the system. The best solution is to provide a limited number of additional Instrument Landing Systems (ILS) to fill the precision approach gap. See Attachment #2.

PAPI/PLASI

These two visual approach path indicators both have merit and should be funded for installation where needed. The FAA currently allows only PAPI to be federally funded through the F & E or the AIP process. We feel this is a mistake, and airport operators should be able to choose either as they see fit and still be eligible for federal funding.

SYSTEM ENGINEERING AND INTEGRATION (SEI) CONTRACTS

The FAA has requested \$82.5 million to pay the Martin Marietta Corporation to oversee the implementation of the National Airspace System plan. This is the fourth installment on a total contract worth \$685.6 million through 1992. After several years of operation, the aviation community has not seen sufficient results from this oversight and integration effort. This item certainly appears excessive for the apparent benefit being derived.

The National Airspace System Plan has already been developed, designed and formally submitted to Congress at least four times. In each of the years of the Martin Marietta contract, the company will receive more for overseeing the FAA's administration of the development of the National Airspace System plan than the FAA will spend on the actual NAS development administration.

The General Accounting Office (GAO) testified in front of this committee last week regarding its concern for FAA's ability to effectively implement the NAS plan. It is our understanding that this is one of the principal functions of the contractor. In fact, the benefits of this expensive contract listed in the FY 87 Budget Estimates are to "provide technical and management support to

FAA project/program managers for the efficient and timely implementation of the National Airspace System Plan.* Given the very critical remarks of GAO, we cannot possibly be getting much for our money.

We think that \$685.6 million is simply too much for a federal agency to pay an outside consulting firm to oversee and duplicate its activities, especially if their job performance is apparently so poor. This contract should be carefully examined by Congress to ensure we are getting our money's worth or to seek alternative means of support.

AIRPORT IMPROVEMENT PROGRAM (AIP)

AOPA contends that the Administration should fully appropriate its budget authority of \$1.017 billion. Any amount less will only serve to deprive the air traveling public of the full use of the nation's airport system.

In the 16 years federal financial assistance has been available under the Airport and Airway Development Act of 1970 and the Airport and Airway Improvement Act of 1982, the government has spent more than \$7 billion on airports. However, most of this money has gone to the major air carrier-dominated airports in large metropolitan areas, which often have more money than projects. While many of these airports are major hubs and have needed additional capacity enhancements, a large amount of their funds have gone for noncapacity-related projects.

Less than one-third of all AIP money is allocated to general aviation and reliever airports. These are the airports that can significantly affect metropolitan area airport capacity problems and should receive a greater share of AIP funding.

In many cases, lack of funding has led to the loss of public-use facilities. For instance, from 1974 to 1985, the U.S. has lost 17.5% of our public-use landing areas. Further, more than 40% of the privately owned, public-use facilities went out of business. In effect, billions of dollars have been spent on airports during the past 16 years, yet aviation is worse off than it was before. Congestion and delays will not be resolved by slot rules or an expensive air traffic control system, but by additional landing surfaces.

AOPA urges that the full \$1.017 billion authorized for fiscal 1987 Airport Improvement Program (AIP) be appropriated. It is time that money went toward areas of real need--increasing capacity--by building more runways at existing airports and by building more airports.

AIRPORTS DIVISION STAFFING

Low staffing levels at FAA Airport District Offices (ADO) have caused Airport Improvement Program funding request delays, airport inspection lapses and poor sponsor compliance with AIP agreements. These last two items are safety-related and are quite important.

Just two additional people for each district office would alleviate many of these problems. While this not a very visible function of the FAA, it is quite important to our members who attempt to obtain AIP grants and who regularly depend upon the safety and dependability of the nation's airports. The ADO serves as a watchdog over federally funded airports and must be adequately staffed to perform this function.

METROPOLITAN WASHINGTON AIRPORTS

With the increase in activity at Dulles, the FAA should use the generated profits from the airport to construct an expanded general aviation parking ramp and construct an additional new runway there, specifically for general aviation. These long-planned items are essential to ensure that delays and congestion do not plague this airport as they have so many other rapidly growing hub airports. These items are listed in the original airport master plan and now, more than ever, deserve attention.

FAA RESEARCH AND DEVELOPMENT

Experience with FAA efforts at R&D since the inception of the NASP lead to the conclusion that FAA R&D may be a contradiction of terms. Example after example can be put forward to demonstrate that the FAA R&D program moves so slowly as to be glacial, while technology in the private sector leapfrogs into the next century.

The FAA's snail's pace delivery of usable products hampers the national airspace system. Often products delivered are of little benefit because they have been rendered obsolete by advancing technology; the development process has produced devices not directly applicable to the need expressed by users; or developments outside the FAA R&D process render the FAA's efforts of little value.

There seems to be little central direction to the entire effort. Programs do not have proper continuity nor are critical needs emphasized. More emphasis must be given to these efforts through a centralized planning and monitoring group or other oversight mechanism.

Further, if the FAA is to continue its R&D activities, it is imperative that sufficient funding be made available. Annual decreases in R&D funding seem to ignore many of the most critical issues facing aviation in the coming years.

Programs such as FSS automation, human factors workload, satellite applicability study, and safety-related efforts need additional funding if they are going to come to timely completion. Delay in research programs will stifle the progress of aviation and air commerce.

Airport capacity increases offer the potential for the greatest return for each dollar invested. Clearly, a significant contribution must be made to adequately fund R&D for this very important issue.

The largest single expenditure in the R, E & D budget is comprised of the closely related Advanced Automation System (AAS) and Automated Enroute Air Traffic Control (AERA) projects. These projects, totalling \$33.3 million for FY 87, are just a small part of the more than \$500 million ten-year total effort. Lack of adequate testing and validation of critical functions, combined with ever-lowering cost/benefit ratios, have eroded our confidence in the predicted abilities of the AAS. Apparently, the GAO feels as we do, considering their testimony on the subject last week.

It is time to reassess the AAS concept and research and development effort. Funding for this program should either be slowed or stopped completely until a determination of the true worth of the project can be made.

Funds might also be reallocated from this concept, in favor of accelerated investigation of high-technology, efficient, satellite solutions to communications, navigation and surveillance issues. The host computer will provide adequate system capacity until satellites can be fully evaluated.

Finally, we object to paying the full development costs for the Next Generation Weather Radar (NEXRAD) out of the Aviation Trust Fund. We are not the only beneficiaries of this device and should not bear the full burden of funding its development. The National Oceanic and Atmospheric Administration (NOAA) must bear a substantial part of the burden for NEXRAD from its own research and development money.

Thank you, Mr. Chairman, for the opportunity to present these comments.

[ATTACHMENT 1]

Honorable Mark Hatfield
Chairman, Committee on Appropriations
United States Senate
Washington, D.C. 20510

March 7, 1986

Dear Mr. Chairman:

As you consider the FY 1987 appropriations for the Federal Aviation Administration, we must draw your attention to the ongoing problems of the flight service station consolidation and automation programs. The Federal Aviation Administration Administrator, Donald D. Engen, sent you a letter on January 27, 1986, listing the planned FSS facilities closures and asserting, "The FAA has demonstrated that the consolidation of flight service stations has provided equal or better service."

Mr. Chairman, we disagree with the FAA's conclusion that the consolidated FSS and the existing flight service station network is providing "equal or better service" to pilots. It is our belief that pilots are experiencing a decline in availability of service, prolonged delays for weather briefings and system breakdowns. This letter addresses our concerns.

The Federal Aviation Administration "commissioned" Model I automated equipment on February 13, 1986. It should be pointed out that this "commissioning" comes directly after the Bridgeport automated facility suffered a total breakdown of the Model I system on February 9, 1986. This failure of the entire system was reported to FAA and forced flight service station specialists to file a formal unsatisfactory condition report on the Model I software and automated system. Contrary to reports, pilots did not receive "equal or better" service.

In this incident, the entire automated system was down for over six hours with no computer backup. The Visual Flight Rules (VFR) and Instrument Flight Rules (IFR) flight plans were lost; time-critical VFR inbound traffic information was lost with no way to discover whether a cancellation was received or whether an aircraft was overdue and search and rescue needed. Bridgeport FSS was able to provide some weather briefings only because the station still had the old equipment in the consolidated facility.

Model I equipment has experienced so many difficulties that the FAA has issued the FSS specialists a manual on how to manage over 49 Model I system operational problems. The cumulative impact of these problems leads us to conclude that the FAA has commissioned a prototype system and not a fully operational automation system.

The Aircraft Owners and Pilots Association is very concerned about the basic reliability and integrity of this system. The Federal Aviation Administration has not certified an operational system as requested by Congress, and we question the adequacy of this "commissioned" system. We strongly object to any additional closures of flight service station facilities until Model I is fully tested, certified and proven operationally reliable.

We appreciate the committee's leadership in halting further development of Model 2 equipment until the House and Senate Appropriations Committees can evaluate and approve FAA's Direct User Access Terminal (DUAT) system selection process. We believe that FAA can utilize some of the existing commercial DUAT services to enhance the federal FSS system.

The FAA outlined a schedule of proposed FSS facilities closures in this letter. We believe these closures would be both premature and not cost effective. FAA's optimistic cost savings from facility consolidation and automation have yet to be realized. The FAA has steadily adjusted the automation and consolidation ten-year cost/benefit figure downward and maintained that the primary savings would result from reduction in personnel costs. In fact, the FAA now states, "We do not anticipate immediate savings resulting from consolidation or automation, we do expect savings to be realized from increased productivity after full consolidation and automation are achieved."

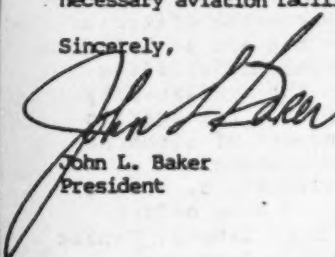
These scheduled closure proposals do not appear to comply with the specific directions contained in the January 30, 1985 letter from Senators Andrews and Chiles which state, "Every effort must be made to install Model I equipment in tandem with the commissioning of automated facilities." These FSSs scheduled for closure would be consolidated into the new location without the benefit of Model I automated equipment. In fact, the Altoona consolidation is delayed due to problems in obtaining the regular Leased Service A equipment.

In addition, the FAA is part-timing flight service stations as a result of staffing shortage at the facilities. FAA has allowed the FSS staffing levels to decline without backfilling the positions. With an increasing number of FSS specialists opting for retirement, the number of trained specialists is declining at an alarming rate.

General aviation and air carrier pilots rely on flight service station information and services. The FAA's continued "emergency" part-timing of flight service stations is simply a backdoor method of closing facilities.

We urge you again to ensure that pilots receive "equal or better" services from the FSS system as required by law and prevent premature closures of these necessary aviation facilities.

Sincerely,



John L. Baker
President

[ATTACHMENT 2]

Mr. Donald D. Engen, Administrator
AOA-1
Federal Aviation Administration
800 Independence Avenue, SW
Washington, DC 20591

January 27, 1986

Dear Don,

I am sure that you are aware of concerns expressed by the entire aviation community regarding the almost assured adverse impact of Gramm-Rudman-Hollings on the modernization, airports and regulatory efforts of the Agency. This being the case, I believe that a positive step to preserve what will be shrinking resources (and one which would resolve a longstanding area of disagreement between us) would be a major re-thinking of the Agency's position regarding MLS.

For some period of time I have felt like the "voice in the wilderness" on this issue, having opposed the method of implementation from the day of Lynn's draconian announcement; I now feel like the leader of the band. As time has dragged on and the industry has suffered from the lack of a positive program for the timely installation of precision approach equipment, more and more support has developed for our position. Indeed, currently we are aware of no significant informed support from any quarter of the user community for a broad-based implementation of the MLS. The Agency has lost the support of the air carrier industry and the commuters, and it is left with only the manufacturers of the equipment, the politicians who represent their districts and those few who superficially perceive that new has to be better!

I am sensitive to the ICAO requirements for MLS implementation at the international air carrier airports in 1998. Also, we recognize that there are a very few airports where the criteria for precision approach installations have been met and an ILS simply will not play. But neither of these problems justifies the current situation: interminable delays in the availability of precision approach installations; the prospect of staggering cost to the users to install and carry a second set of airborne equipment, and the major cost to the Agency to procure and operate an MLS system that will probably be overtaken by new technology before the system is fully implemented have offset any hope for significant benefit. To quote Dick Tabery, Senior Vice President United Airlines, "It is not the MLS we once fought for--only a replacement for the current ILS which works just fine. MLS may be an idea whose time has come and gone!"

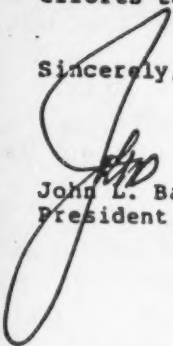
Because the Agency has already contracted for a number of the systems, our recommendation is that these be installed at international airports, heliports and the few other facilities that qualify for a precision approach but where ILS is not an option. The second step would be the procurement of additional ILS systems that incorporate the current state of the art, such as remote monitoring, the new antennas and modularized construction.

This more limited procurement effort would clearly benefit the user community since FAA would not have to replace all the existing ILS systems. We would see the resumption of the

timely installation of needed precision approach systems, would save the users literally billions in airborne equipment costs and would husband what will be increasingly dear facilities and equipment dollars for really important and necessary equipment.

I urge you to give serious consideration to this proposal during the upcoming period of trials and tribulations in the budget battle. Please be assured of our support in your efforts to keep the various programs afloat.

Sincerely,



John L. Baker
President

CONGRESSIONAL WITNESS

STATEMENT OF HON. EDWARD ZORINSKY, U.S. SENATOR FROM NEBRASKA

Senator ANDREWS. Our next witness will be Mr. R.H. Hogrefe, the director, State engineer, State of Nebraska, accompanied by our colleague, Senator Zorinsky.

Ed, good to have you here. I understand you also have James Suttle, who is the director of public works, here.

Senator.

Senator ZORINSKY. Thank you, Mr. Chairman. I appreciate this, Senator Andrews. I am pleased to appear before you today to introduce two distinguished transportation experts from the State of Nebraska, who will testify today on behalf of Omaha's North Freeway-Stores Expressway project.

The North Freeway has been under construction for many years, is nearing completion and is currently the only Nebraska project utilizing discretionary interstate highway funds.

Raymond Hogrefe was recently appointed director, State engineer, of the Nebraska Department of Roads, and prior to this appointment, Mr. Hogrefe had a distinguished career with the Federal Highway Administration, serving as its Nebraska Division Administrator since 1972.

Mr. Hogrefe has worked directly with the North Freeway project and is intimately familiar with it.

Mr. James Suttle, the second half of the team testifying on behalf of the North Freeway project, is the director of the Public Works Department for the city of Omaha.

Mr. Suttle has served over 20 years, in professional engineering and management experience, in urban transportation and public works

projects, and understands well the importance of the freeway to Omaha's development.

The joint appearance of these two officials speaks to the importance Nebraskans attach to this project. Mr. Hogrefe and Mr. Suttle will be able to explain to the subcommittee why funding at this stage is critical, and to answer any questions the subcommittee may have.

As a former mayor of Omaha, NE, I supported the North Freeway. It has been in construction for about 10 years now. It is about 95 percent complete, and Senator Andrews, as you know, the only thing worse than not being started at all is not finishing a project that is 95 percent complete and requires only 5 percent to go for its completion.

It has been a privilege and an honor to appear before you today, Mr. Chairman, to reiterate my support and introduce Jim Suttle and Ray Hogrefe to the subcommittee.

Thank you.

Senator ANDREWS. Senator, it is good to have you here. Let me ask, because the bell has rung for a vote, and I am sure that they have their statements prepared so we have no problem there, does the \$14.2 million exhaust Nebraska's entitlement under the substitute program?

Senator ZORINSKY. Yes; it does, Senator. This is the final phase in the development of the North Freeway-Stores Expressway project and this will close out the interstate substitution fund account for Nebraska.

Senator ANDREWS. And you will be able to obligate all of the \$14.2 million, if it is provided.

Senator ZORINSKY. Yes, sir; we will. We have a schedule of projects here and we will be doing the paving and will be able to put it into use through this next fiscal year.

Senator ANDREWS. Thank you, very much.

Let me announce, if we have to disappear into the Never, Never Land, that Senator Chiles will be back. He has gone to vote now and he is going to come back and we will receive testimony from the mayor of Lakeland, FL.

But, Mr. Hogrefe, proceed.

NEBRASKA DEPARTMENT OF ROADS

STATEMENT OF R.H. HOGREFE, DIRECTOR, STATE ENGINEER

ACCOMPANIED BY JAMES H. SUTTLE, P.E., DIRECTOR OF PUBLIC WORKS, STATE OF NEBRASKA

Mr. HOGREFE. We are in the final phases, as I mentioned, of this project, and primarily what is left is the paving and wrapping up of the landscaping, lighting incidental phases of it. The entire North Freeway project, as originally envisioned, will not be able to be put into use until this is completed.

The project, up until now, has done a lot to revitalize the near north side of Omaha, the community through which it goes, as we envisioned in the early planning stages. It has been successful already in terms of turning that neighborhood around.

Putting this project into use now, getting the traffic on it, assisting in the movement of traffic up through the industrial area and that part of the city and to the airport is very important.

So, if you have any questions, we have the plans ready to go on it. We are in a position to obligate the funds.

Senator ANDREWS. Your statement is very complete, and the Senator from Nebraska is one of the most persuasive advocates you could possibly have. A good friend of all of us, and he does a great job of making a point. We appreciate your testimony here today.

Thank you, very much.

The subcommittee will stand in recess until the return of Senator Chiles.

[A brief recess was taken.]

[The statement follows:]

STATEMENT OF R.H. HOGREFE

The following is the prepared statement to be presented at your subcommittee hearing at 11:00 A.M. on May 14, 1986:

The State of Nebraska took advantage of the Interstate Substitution Program under Title 23, Section 103(e)(4), dropping I-580 from the system in Omaha. The concept plan provided for a lesser though adequately designed facility to serve the Black community, an industrial area, and the airport. Construction has progressed very well, thanks in large part to your assistance in providing discretionary funding to this project.

Interstate substitution discretionary funds are needed for the paving and related incidental work in FY 1987 to complete the project and put this important facility into service. The construction has already been successful as a catalyst in the redevelopment of this area. Delays at this point could be very detrimental to this economically deprived community.

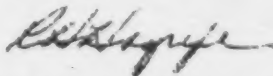
The following is a schedule of the remaining projects:

Scheduled Letting Date	Location	Type of Work	Est. Cost (IX Funds)
9-87	Lake-Ames	Drain., Surf.	3,276,000
9-87	Lake-Florence	Signing	399,000
10-87	Lake-Florence	Landscaping	809,000
9-87	Ames-Florence	Drain., Surf.	1,555,000
9-87	Ames-Florence	Lighting	224,000
10-86	30th St. Connector	Gr., Dr., Surf.	1,115,000
10-86	Storz Expressway	Instrumentation	170,000
10-86	Storz Expressway	R. R. Viaduct	591,000
9-87	Storz Expressway	Surf.	4,149,000
10-86	Kennedy Expressway	R.O.W.	1,900,000
Total IX Funds			14,188,000

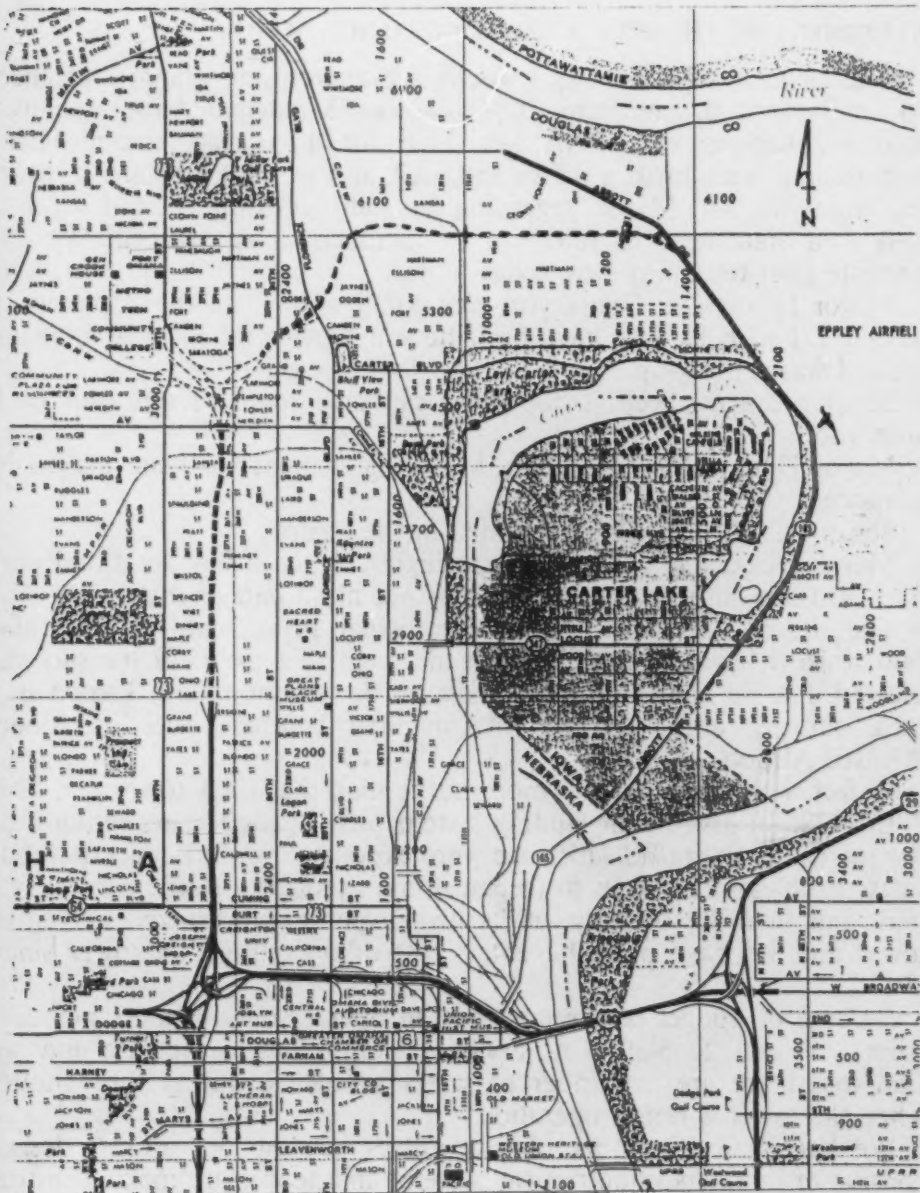
This request for \$14.2 M will close out the Interstate Substitution program in Nebraska. To complete this program on schedule will be a tribute to your Subcommittee.

We have included a map for your ready reference.

Sincerely,



R. H. Hogrefe
Director-State Engineer



CITY OF LAKELAND, FL

STATEMENT OF THE HON. J. LARRY DURRENCE, MAYOR

Senator CHILES [presiding]. I would like to welcome Mayor Durrence, to our hearing this morning. The Lakeland Municipal Airport entered into negotiations with FAA last June for a contract tower. These negotiations were broken off by the FAA and we look forward to hearing from you, Mr. Mayor, regarding the status of the Lakeland Airport, and your statement, in full, will be included in the record. We appreciate your testimony here today.

Mayor DURRENCE. Thank you, Senator. I appreciate the opportunity to come. I wish I could have brought you some mild Florida sunshine while I was coming up.

Senator CHILES. Well, I hope you can take some of this rain back with you.

Mayor DURRENCE. We need it. My full statement has been mailed in advance.

Senator CHILES. It will be included in the record.

Mayor DURRENCE. I would like to highlight just a few areas and perhaps add one additional comment that was not a part of that.

The city of Lakeland owns our municipal airport, and the information which I have provided for you indicated that the 1979 statistics indicated that we had the third highest traffic volume in the Tampa Bay area, ranking ahead of an FAA-manned control tower at Albert Whitted Airport.

In fact, we had 75 percent more traffic than that FAA tower.

In 1979, an instrument landing system was installed in recognition of the increased air traffic which we were experiencing. But concern about safety problems caused us to recognize the need for a traffic control system, and in 1980, the city, at its own expense, constructed a control tower and we have paid the entire cost of operating that tower since 1980.

Because of budget constraints, we can operate only 8 hours per day, from 8:30 a.m. to 5:30 p.m. Traffic is continuing to increase and we find that there are a number of safety problems, during those hours when the tower is not in operation.

We have had a number of near-misses because our airport design consists of an intersecting runway system, and people are making instrument landings and discover people making visual landings on the intersecting airport. Some of the near-misses have been 10 feet or less.

There is a very clear safety issue.

The city is not in a position to provide additional funding ourselves. We have demonstrated our willingness to provide funds for safety, but Polk County has the highest unemployment rate in the State of Florida, and the period 1982-83, our annualized unemployment rate was about 15.5 percent. We expect it to be in the neighborhood of 12 to 12.5 this year.

So the city just really is not in a position to fund the additional personnel which we need.

We also feel that we have a good case for having the FAA provide this service because that is a part of their mission.

In 1984, in fact, FAA designated Lakeland as a reliever airport, to relieve some of the heavy traffic at Tampa International Airport.

We also are finding that we are receiving more general aviation traffic from the Orlando area, because of the dramatic increase in air traffic there.

The FAA did notify us that they would enter into a contract. This was in June 1985. We negotiated with them until we were notified in February 1986 that they were suspending negotiations, and we continue to have the safety problem.

We anticipate the safety issues will continue to increase because air traffic is increasing and we expect the dramatic growth in Tampa and Orlando to divert more and more general aviation to our airport.

We have also added in April of this year, a Florida Air unit, actually a National Guard helicopter unit, which will have approximately 20,000 operations per year, which will add to our safety concerns, although we are very pleased to have them there and make that contribution to the defense of this country.

We also feel the manned tower by the FAA contract could provide more safety information because we are located in that part of Florida which is known for its thunderstorm activity; that weather information could provide for the greater safety of the whole system.

We also feel that the basic issue is safety. The FAA has that mission. We feel there is a clear case. We feel that we have demonstrated that we have the need, we have the traffic and we would like to see favorable consideration.

Senator CHILES. Thank you, Mr. Mayor. As you know, at the direction of this committee, FAA agreed to begin negotiations with Lakeland Municipal Airport for a contract tower. Those began last June, they were broken off by FAA because of funding uncertainty created by Gramm-Rudman-Hollings.

FAA has argued that further reduction caused by Gramm-Rudman was likely to result in furloughing their own employees, and they cannot, therefore, initiate new contracts in view of the fact they would likely be required to furlough a part of their work force.

Tomorrow, Senator Andrews and I will recommend an \$80 million supplemental for the FAA, so that those furloughs will not be required. Last week, the House also passed the necessary funding for FAA.

So, Mr. Mayor, I hope that that will cause the negotiations to be promptly started again. I understand the amount required for the contract tower at Lakeland would be around \$150,000 to \$200,000 a year. Is that correct?

Mayor DURRENCE. That is correct. It would be on a shared basis. They would probably be paying about \$140,000 to \$150,000.

Senator CHILES. Well, we thank you very much for your testimony. I think your testimony, with the earlier testimony that we have had does make a compelling case for air traffic safety and many other reasons; we should have this contract tower in Lakeland. I know how much the traffic has increased over the years.

It is interesting to hear that it is greater than where there are manned towers now, and we hope that you will be back in negotiations and working toward that tower shortly.

Mayor DURRENCE. So do we. Thank you, very much.

Senator CHILES. Thank you, very much.

[The statement follows:]

STATEMENT OF MAYOR J. LARRY DURRENCE

SUMMARY OF THE REQUEST:

The City of Lakeland requests the necessary appropriation to enable the Federal Aviation Administration to fund the Lakeland Airport Control Tower under the Low Activity (Level I) VRF Tower Program. This contract program for Air Traffic Control Service calls for 90% funding by the FAA.

Historically, Lakeland Municipal Airport has had a relatively high amount of traffic. Attached is Exhibit 14 from the 1979 FAA Aviation Forecasts for Tampa/St. Petersburg. As the exhibit shows, Lakeland had the third highest amount of traffic (135,040 operation) in this area, exceeded by only Tampa International Airport and St. Petersburg-Clearwater International Airport. At the bottom of Exhibit 14, it is pointed out that although Lakeland Municipal Airport is outside the Tampa Standard Metropolitan Statistical Area boundaries, a relatively large portion of the area residents use the airport facility.

In 1979, Lakeland was designated as a location for an Instrument Landing System under the old Satellite Airports Program. Because installation of the instrument landing system meant an accompanying increase in training traffic from both the Tampa and Orlando areas, in 1980 the City of Lakeland constructed an air traffic control tower facility at their own expense. Since that time, the City has operated the air traffic control tower entirely at city expense although, in large measure, the Tampa and Orlando areas are obviously benefited by enabling traffic to conduct ILS, VOR, and NDB, training at a facility with no air carrier traffic. Lakeland is the only facility meeting this criteria on the West coast of Florida. This is reflected in our high proportion of itinerant traffic. Further, in recognition of this role, in January 1984, Lakeland was designated as "reliever" for Tampa International Airport. Notice that Exhibit 14 shows that Albert Whitted Airport has an FAA operated tower although it has less traffic than Lakeland.

In 1984 in response to complaints about the limited hours of operation (currently 8:30 a.m. to 5:30 p.m.) and concerns about air safety, an effort was made to secure federal aid for extending the tower operating hours because local funds are not available. During the past five year Lakeland has had the highest unemployment rate in Florida. We received numerous letters and phone calls about unsafe conditions at the airport before and after tower operating hours. Several near misses occurred. One was estimated to be at only three to ten feet clearance. Much documentation of our needs were sent to the FAA and we pointed out that many airports with less traffic such as Albert Whitted (Florida) and Cuyahoga County (Ohio) had FAA operated towers. Subsequently, a report accompanying House Bill 6040, Supplemental Appropriations Bill 1984, Chapter 10, directed the FAA to consider staffing the Lakeland tower, or to include it in the Contract Tower Program.

In April 1985, FAA Administrator Donald Engen announced his intention to designate Lakeland as a pilot location for the FAA Contract Tower Program for airports without FAA towers. On June 11, 1985, we received a letter from Jonathan Howe, Director of the FAA Southern Region in Atlanta, advising us of Lakeland's inclusion in the Contract Tower Program with 90% funding of the tower operation. Because Lakeland was to be the first contract location that had not previously had a FAA tower, we worked with

the FAA Southern Region to resolve problems related to the Service Contract Act in required wages, insurance coverage, recording system, and appropriate manning levels. After several weeks the contract issues were resolved.

Contract Tower Program Halted

We received another letter from Mr. Howe in February 1986, which advised us that, due to budgetary constraints in the expected impact of the Gramm-Rudman Bill, FAA would be unable to consummate the contract for tower services at this time.

Safety Issues

The number of instrument approach procedures available at Lakeland, coupled with the three runways that all intersect at midfield, indeed create an unsafe environment when the control tower is not manned. Many times aircraft make approaches on the ILS system to Runway 5 while other aircraft are practicing a VOR approach to Runway 27. To further complicate the situation, it has been reported that opposite-direction use of the same runway when the tower is closed is not an uncommon practice. We expect more itinerant traffic from Orlando and Tampa as the international airports experience increased traffic forcing more general aviation traffic to alternate airports. (Lakeland). To properly man the control tower and to extend the operational hours would greatly enhance the overall safe operation of the airport. This would provide a safe, orderly flow of air traffic, thereby removing the potential for a mid-air collision at the airport.

Need for Better Weather Information

Lakeland control tower personnel evaluate, record and disseminate local weather reports for distribution on long-line weather circuits to St. Petersburg Flight Service Station. This information is a very valuable tool for pilots planning to land at, or depart from, Lakeland, as well as the Tampa Bay system at-large. This area of Florida has the highest incidence of thunderstorm activity in the United States. During the thunderstorm season, the local weather deteriorates and improves so rapidly that, without tower personnel reporting these changes, pilots could be caught in unsafe conditions. High velocity winds associated with summer thunderstorms cause increased controller work-load because of wind shifts and wind shears which are hazardous to aircraft landing and departing the airport. Without controllers, the changing wind conditions would not be readily available to aircraft operators. Again, the safe operation of the airport is directly connected with the control tower operating hours.

Increased Military Operations

On May 14 of this year, there will be an additional sixteen helicopters located at Lakeland Municipal Airport. These helicopters are part of the Florida Army National Guard which just moved into a facility constructed by the City of Lakeland. They will do extensive training at Lakeland, an estimated 20,000 operations annually.

Lakeland's tower is obviously a benefit to the air traffic control system. No construction or equipment costs are required since the facility is operating now and has substantial equipment to continue operations for several years. The FAA, in designating Lakeland Municipal Airport for the Contract Tower Program, recognized the safety needs and the benefits to the flying public. The appropriation of the necessary money to being funding this tower will provide that necessary margin of safety.

LETTERS FROM JONATHAN HOWE, DIRECTOR, SOUTHERN REGION, FEDERAL
AVIATION ADMINISTRATION

Mr. Gary P. Quill
Airport Director
Lakeland Municipal Airport
3450 Drane Field Road
Lakeland, Florida 33803

JUN 7 1985

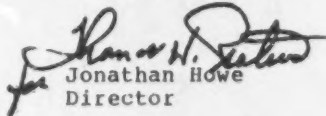
Dear Mr. Quill:

I am pleased to advise you that the FAA has included the Lakeland Tower in the program of Level I towers to be contracted in fiscal year 1985. Under the Low Activity (Level I) VFR Tower Program, the FAA's participation will include funding for 90% of the cost under agreement with you as the sponsor. The percentage of FAA's participation is based on the amount and type of traffic activity at your airport. This percentage factor will apply in either case whether the Air Traffic Control Service will be provided by your employees or through your contract to another party.

These efforts will be coordinated by Mr. Steve Wright in our Logistics Division, telephone number (404) 763-7321, in those areas dealing with contractual agreements, and Mr. Baxter Sowell in our Air Traffic Division, telephone number (404) 763-7566, in those areas dealing with Air Traffic Services.

I appreciate your interest in this matter.

Sincerely yours,


Jonathan Howe
Director

Mr. Gary Quill
Airport Director
Lakeland Municipal Airport
3450 Drane Field Road
Lakeland, FL 33803

FEB 18 1986

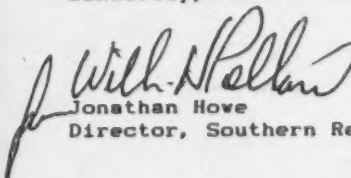
Dear Mr. ~~Quill~~ ^{Gary}:

RE: Level I VFR Control Tower Program

I regret to advise you that due to budgetary restraints and the expected impact of the Gramm-Rudman bill, we will be unable to consummate the contract for tower services at this time.

Should at a later date these budgetary restraints be relieved, we will reconsider this matter.

Sincerely,


Jonathan Howe
Director, Southern Region

LETTER FROM DAVID BARR, CHIEF PILOT, SOONER DEFENSE OF FLORIDA, INC.

Mr. Gary Quill
Lakeland Municipal Airport
Drane Field Road
Lakeland, Florida 33803

July 30, 1984

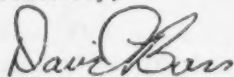
Dear Mr. Quill:

The safety of many pilots is in danger every morning and evening at Lakeland Municipal Airport. I and other professional pilots use this airport daily. Most of the operations into and out of Lakeland by company pilots are before tower operating hours begin and after they are over. Lakeland is an expanding city and more and more people are using the airport.

The problems begin when there are several flights inbound to land and one or two ready to depart. Without the tower in operation, everybody seems to go his or her own way. Often while on an instrument plan, we are cleared for an approach to a runway and find the traffic using another runway as the active. Pilots unfamiliar with the airport and student pilots on cross country flights are causing dangerous situations. On Wednesday, July 25, we were Number 2 to land on runway behind a Cessna practicing touch and go landings. As the Cessna lifted off and announced his intentions, we spotted another aircraft planning to land on Runway 27 directly towards us. An accident was avoided only because of our alertness. If the tower had been open, traffic would have had separation and sequence.

I am afraid that luck will run out one morning or evening and lives will be lost. Surely the cost of having the tower open earlier and remain open later is worth the lives it could save. The chaos could be eliminated and safe operations resumed once again. The increased traffic density during non-tower hours is in desperate need of your help. The pilots and passengers deserve it and safe airport operations demand it.

Sincerely,



David Barr
Chief Pilot

GREATER ORLANDO AVIATION AUTHORITY

STATEMENT OF BRUCE STARLING AND NORMAN J. GLASS

Senator CHILES. I would like to welcome at this time, Mr. Glass and Mr. Starling, to speak on behalf of the Orlando International Airport. The traffic growth of the airport has been fantastic, and without a new runway, the airport would soon be experiencing tremendous congestion.

Mr. Starling, Mr. Glass, we look forward to your testimony. Your statement, in full, will be included in the record and we appreciate your appearance here.

Mr. GLASS. Thank you, Senator Chiles, and distinguished members of the committee.

We, of the Central Florida and the Aviation Authority of Orlando want to thank you for giving us the opportunity to present to you our statement.

The Orlando International Airport has grown today 25 percent over last year's figures that were presented to this committee. We desperately need money for land that we mention in our testimony, and also we need the money, \$36 million, to build the new runway.

We would commit all of our inplanement dollars for that runway.

The runway, as I mentioned, is a \$61 million project. It is needed to meet the requirements of safety for the Orlando International Airport, and we ask this committee today to really assist the Orlando community in achieving with FAA and Congress the efforts to get this money made available.

Also, I would like to mention that we are going to run a revenue bond very shortly that is going to be about \$420 million to do additional construction of parking and also a new land side building, with aprons and people-mover connector.

We feel that the funds to build this runway and buy the land should come through the FAA out of the trust fund.

At this time, I would like Mr. Bruce Starling to tell you what we have been doing, and what he has been doing on the State level.

Mr. STARLING. On the State level, Senator, we have tried to go and do as much as we can right in the State of Florida.

Last year we were successful in working with the State legislature of Florida in getting \$6 million interest-free loan money. So we are not trying to just put all of our eggs in one basket and come up and ask the Federal Government. This year, we are back to the State, much to their concern and wonderment that we are back asking for money because of the rapid growth of this—especially in the land area. We have to tie up this land. If we don't tie up the land now, we know there are legions of airports who wish they would have tied up their land earlier.

So that is the area that I am working hardest on right now, toward getting this land money, and then of course, the runway money in the future.

Senator CHILES. Thank you. Last year, the Orlando International Airport witnesses testified before the committee, and we learned of the enormous growth of the airport. Passenger traffic at that time had increased 19 percent and, in June 1985, compared to June 1984, was up 14 percent for the year ending June 1985.

What has been your growth experience over the last year?

Mr. GLASS. We are up 25 percent this year.

Senator CHILES. 25 percent?

Mr. GLASS. Yes, sir; and it is growing all the time. We have to move and build this third air site immediately, or we are going to be in the same predicament we were in, in the early 1970's.

Senator CHILES. I had a chance to visit you down there, and you were able to give me a very graphic demonstration of what your traffic needs were going to be, and you told me at that time what the growth was going to be. I will have to say, I think it is even higher than you told me you thought it was going to be, if it is up 25 percent.

Last year, in report language, the committee commended the management of the Orlando International Airport for its foresight and we urged the FAA to work with the airport to alleviate congestion problems that would soon develop without positive, corrective actions.

Over the last year, pursuant to this committee language, what support have you received from FAA?

Mr. GLASS. The only money that we received to date has been our in-planement money. We have not received any discretionary money out for the runway or for land. And that is what our problem is.

We feel if we could get the discretionary money to buy the land, and \$9 million a year to build the runway, that would certainly help us achieve our goals.

Senator CHILES. But you are at the point now in your development of this runway where you do need some funds now?

Mr. GLASS. Yes, sir; we need it now, Senator Chiles. We have taken bids on the runway, on the clearing and grubbing, and that came in under our engineer's estimate. But we are going to need about \$13 million about November to start the construction of the runway. That is the moving in of the lime rock and doing all the base course work that is required.

Senator CHILES. Well, obviously with the kind of growth that you are having, 25 percent, you certainly have to be generating a lot of landing fees.

Mr. GLASS. We are generating a lot of fees, but we have a \$30 million deficit that we have inherited by building a \$300 million facility, and now we are going to go back to the airlines and negotiate another \$400 million or so, with them, to build a third air site and also, they have to come up with additional funds for this runway out of the I&D fund. So, we are hitting them very heavy and we need some assistance now from the Federal Aviation Administration, out of this trust fund, and we feel that that is where this runway should come from.

Senator CHILES. What you are saying is because of your infrastructure needs, there is no way you can keep up on that—although over a period of time, you are going to generate tremendous revenues.

Mr. GLASS. We certainly will.

Senator CHILES. That will go back into the fund.

Mr. GLASS. As I mentioned to you when I gave you the tour, the west side is going to develop the funds probably in the next 10 or 12 years, but today we don't have those funds and we have grown so fast in Orlando, that is why we need the additional help from the Federal Aviation Administration, out of this trust fund.

Senator CHILES. Well, we thank you very much for your testimony. I hope we can get some help for you this year.

Mr. GLASS. Thank you, very much, Senator Chiles and the committee.

Senator CHILES. Senator Andrews will be back in a little while, so we will recess right now until the call of the Chair.

[A brief recess was taken.]

[The statement follows:]

STATEMENT OF BRUCE STARLING AND NORMAN J. GLASS

INTRODUCTION

On behalf of the Greater Orlando Aviation Authority and the entire Central Florida community, we wish to express our appreciation of the Committee's consideration, once again, of our airport needs. We have included herein a needs statement for land and third runway and an excerpt from our brochure depicting the next phase of Orlando International Airport development.

Orlando International Airport is a success story. It is an airport master planned for the 21st Century. It is an outstanding example of successful cooperation between the community; local, state, and federal governments; as well as the airlines, ground transportation, and concession suppliers of services.

However, we are in the center of a state destined to become the third most populous in the nation in the foreseeable future, and we are facing a crisis. Our Central Florida community is continuing to explode and we must expand in accordance with our environmentally approved Master Plan, or we won't continue to be a success story. We will be encircled with development and will not have the adequate airfield facilities vitally needed.

LAND

Adequate land for our airport's future is our most important need. The Orlando community wants to build next to Orlando International Airport, and the community efforts should not be frustrated or torn down in the future to allow for eventual airport expansion. Communities will continue to build next to airports. The market demands it. However, airports should have adequate land for their own expansion needs. To accomplish our future operational needs, \$12 Million is needed now to purchase land. The Federal share of this cost is \$9 Million, and our need is for immediate funding. This land, as depicted in the attachments, is needed for a fourth runway and to serve as a noise buffer for community development to the east.

The cost of this land is geometrically increasing with time, and if we fail to now the land will become prohibitively expensive in the future. Our airport's ability to fulfill its destiny as the air transportation center of Florida will then be forever lost.

RUNWAY

This explosive growth of the Orlando community has absorbed most of the capacity of our existing runway system. Again, as illustrated on the attachments, the existing runway system consists of two parallel, 12,000 foot runways with only a 1,500 foot centerline separation, providing a single air corridor for traffic.

The third runway is needed to avoid significant aircraft delays beginning in 1988 and to fulfill an environmental commitment made to the Orlando community in 1978 and again in 1985.

The runway system's cost is projected to be \$61.2 Million over a four year program. The Authority is prepared to commit enplanement funds of approximately \$13 Million for 1986 through 1989, assuming continuation of the current federal aid program into 1989. The Authority is also prepared to pay our share of \$15.2 Million from local funds, however we are confident the State of Florida will share this cost with us. We need a special federal appropriation of \$33 Million, over a four year time frame, to allow us to construct the runway.

To summarize, our special appropriations needs are:

1. \$9 Million for land purchase
2. \$33 Million for the third runway

Total: \$42 million over four years, or \$10-1/2 Million per year.

In conclusion we wish to again thank the committee for its consideration of our fiscal needs and to assure you that, with your help, we will continue to keep Orlando International Airport as the Airport of the 21st Century and a success story for all of us.

JUSTIFICATION

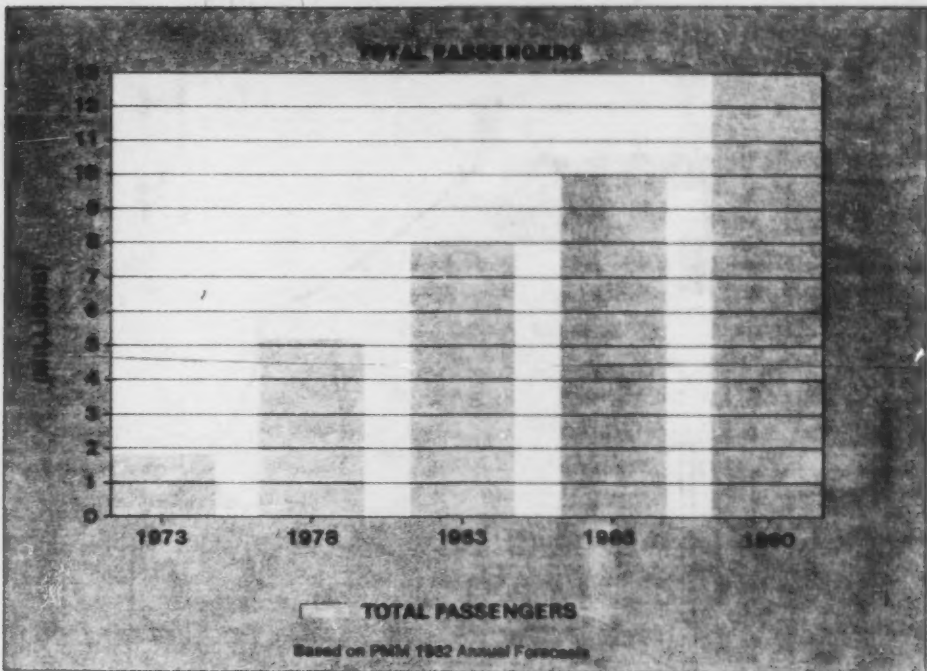
It is projected that over the next 20 years, the airline industry will conform to economic as well as market demands at the Orlando International Airport. This trend is reflected in forecasts for air carrier activity. It is projected that peak hour needs will exceed the capacity of the airfield as it is presently configured by 1990. To accommodate future demands placed on the Airport, it will be necessary to construct a (3rd) runway, associated taxiways and a new C/F/R facility.

As indicated by the Peat, Marwick, Mitchell forecast for passengers at Orlando International Airport, the Airport is projected to experience approximately 13

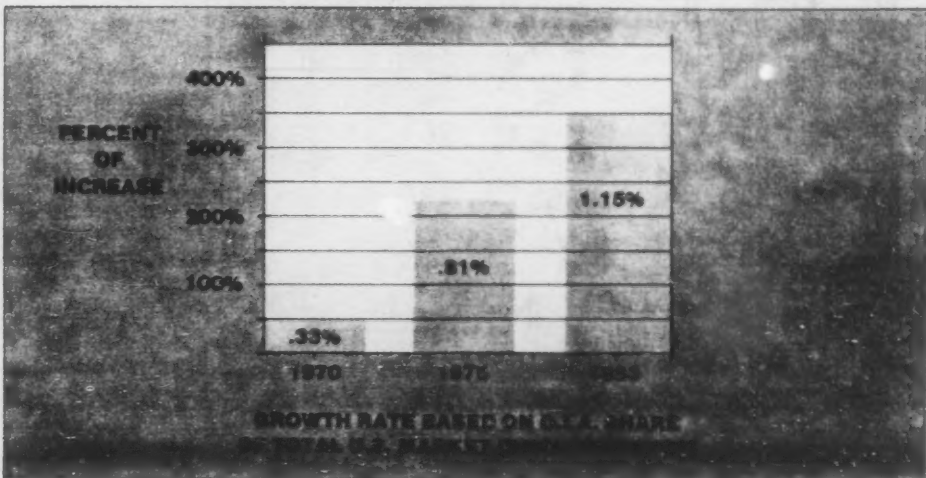
million annual passengers by the year 1990. The design capacity of the existing terminal is 12 million. With the additional increase in international flights and commuter services, these estimates are probably conservative. Increased passengers will necessitate additional gates and therefore, additional airside facilities.

Integral parts of the third airside include:

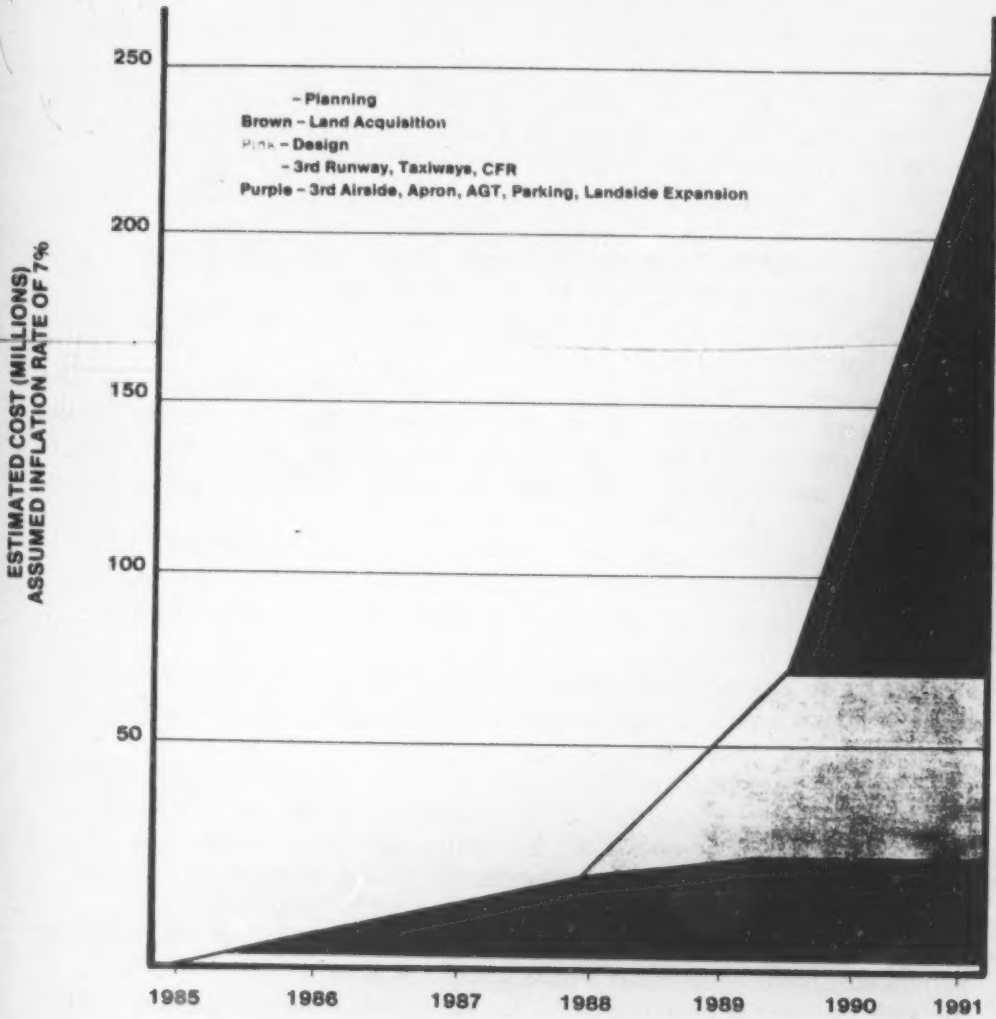
Associated ramp areas required for aircraft parking, An ACT system to transport passengers from landside to airside, Expansion of the airside and landside terminals and Expansion of parking facilities.



ORLANDO INTERNATIONAL AIRPORT



PHASE IV FUNDING/TIME REQUIREMENTS



SIMUFLITE TRAINING INTERNATIONAL

STATEMENT OF FIELDING COCHRAN, DIRECTOR, PUBLIC AFFAIRS

Senator ANDREWS. The subcommittee will resume its hearing.

Our next witness will be Mr. Fielding Cochran, representing SimuFlite Training International. Mr. Cochran, good to have you here.

Mr. COCHRAN. Good morning, Mr. Chairman. My name is Fielding Cochran, and I am the director of public and governmental affairs for SimuFlite Training International, a division of the Singer Co.

SimuFlite is located at the Dallas-Fort Worth International Airport, in Texas.

My full statement has been submitted for the record and I will merely highlight some of what I feel are the most—

Senator ANDREWS. Your full statement will appear in the record as though you have given every word of it.

Mr. COCHRAN. Thank you, sir. SimuFlite's business is conducting initial and recurrent training for pilots of jet and turboprop aircraft. These training programs are conducted in accordance with the FAA's advance simulation training plan, using flight simulators which are approved to FAA's phase II standards.

The purpose of my testimony today is to ask this committee's help in removing a regulatory hurdle that is currently impeding the ability of training companies, such as ours, from making significant contributions to aviation safety.

The most important ingredient to enhancing the safety of our country's airwaves is a well-trained pilot. Not many people would disagree with that statement.

Tremendous technological and educational advances have been made over the last few years in the art of training crews on advanced technology simulators. Many of these breakthroughs have come as a direct result of the training industry responding to the impetus of the FAA's advance simulation plan that was promulgated in 1980.

The irony is that while the private sector responded with typical American ingenuity to FAA's lead, the FAA now denies the rewards of the very changes it encouraged by failing to modify some archaic regulations that were written for the air carrier industry as it existed in the 1960's, rather than today.

Let me quickly summarize the reasons why the current regulations should be changed, and to recognize some of the realities that currently exist in the industry today. One, the FAA, itself, admits that large portions of part 121 and 135 FAR's are outdated. Two, the training and checking regulations were written before the advent of high quality advance technology training center capability existed.

Because of competitive industry trends resulting from a deregulated industry, very few of the smaller airlines and almost none of the air taxi operations can afford the capital investment to build their own training facility.

For instance, a state-of-the-art advanced-technology simulator can cost as much as \$10 million. Operators who cannot afford to build their own training facility are often forced to do their training in the airplane.

The safety and quality of training and simulators has been demonstrated to be clearly superior to training in one's own airplane, not to mention the advantages to society of less congestion at crowded airports, reduction in noise complaint, conservation of fuel, and many other benefits.

Currently, the only alternative to the operators using their own check airmen is to use local FAA office operations inspectors. With the deregulated airline industry, and the rapid expansion of many new carriers, the FAA is hard pressed to meet the daily requests of these airlines.

Now faced with Gramm-Rudman budget constraints, it is difficult to imagine the FAA having adequate manpower available to meet these growing aviation industry demands. It is a reality that good pilots are not necessarily good instructors.

Independent training centers, however, in order to survive economically, have to provide quality instruction or the companies with whom they contract will simply cease to do business with them.

In order to match industry need with private sector capability, I would suggest an industry task force should be created to study this problem and report its findings and recommendations back to this committee, and in the statement which I submitted I mentioned some of the organizations that should be represented on such a task force.

It is my humble belief that such a task force would provide a very needed benefit for the advancement of aviation safety in our industry.

Mr. Chairman, thank you for your time today and for the opportunity to testify before your committee.

Senator ANDREWS. Thank you, very much, Mr. Cochran. We appreciate your testimony.

[The statement follows:]

STATEMENT OF FIELDING COCHRAN

SUMMARY OF TESTIMONY

A summary of the testimony contained herein is as follows:

The purpose of the testimony presented is to point out to the Committee the fact that private sector capability for the training of air carrier, commuter, and air taxi operators is being unnecessarily blocked by outdated FAA regulations written to regulate the air carriers in the decade of the 1960's.

The specific action being proposed is for the Committee to select a Task Force to study the issues raised in this testimony and report back its findings and recommendations.

My name is Fielding Cochran. I am the Director of Public and Governmental Affairs for SimuFlite Training International, a Division of The Singer Company. SimuFlite is located at the Dallas/Fort Worth International Airport.

SimuFlite's business is conducting initial and recurrent training for the pilots of jet and turboprop aircraft. These training programs are conducted in accordance with the FAA's Advanced Simulation Training Plan using flight simulators which have both 6 axis motion and 150° wide visual capability, and which are approved to the FAA's Phase II standards. As some of the Committee members are aware, this level of simulator approval requires that the equipment be able to accurately simulate in-flight situations in various hazardous weather conditions, including wind shear, as well as the accurate simulation of a multitude of technical equipment failures that might occur during flight.

I am pleased to have this opportunity to testify before your Committee regarding the capability that currently exists in

the private sector, to contribute toward the most important ingredient in insuring aviation safety - the well trained pilot.

The purpose of my testimony today is to ask this Committee's help in removing a regulatory hurdle that is currently impeding the ability of training companies, such as SimuFlite, from making significant contributions to aviation safety. The most important ingredient in enhancing the safety of our countries airways is the well-trained pilot. Not many people would disagree with that statement. Tremendous technological and educational advances have been made over the last few years in the art of training crews on advanced technology simulators. Many of these breakthroughs have come as a direct result of the training industry responding to the impetus of the FAA's Advanced Simulation Plan that was promulgated in 1980. The irony is that while the private sector responded with typical, American ingenuity to the FAA's lead, the FAA now denies the rewards of the very changes it encouraged by failing to modify archaic regulations written for the air carrier industry as it existed in the 1960's rather than today.

The specific regulations that are negatively impacting the pilot training industry today are Regulation FAR121.411 and FAR135.337. In summary, these regulations are identical for 121 and 135 and require that in order to qualify as an instructor or as a check airman for the training of airline pilots (Part 121 operators) or commuter and air taxi pilots (Part 135 operators) the instructor or check airman must be an employee of and qualified in all respects as a pilot in command for that company. This regulation, if construed in its narrowest sense, effectively prevents the independent training company, no matter how professionally qualified, from providing the 121 or 135 operator the services that operator wants and needs.

The most frequent reason the FAA cites as justification for maintaining this rule is that only an employee of the certificate

holder, i.e., the company, is sufficiently knowledgeable of his company's particular operations and procedures to train and then evaluate whether his fellow pilots are sufficiently competent to fly their company's airplanes. While most certificate holders perform this crucial training and checking function in an objective and professional manner, I submit that the intense competitive and economic pressures brought about by airline deregulation would certainly place an employee who must decide whether to pull a fellow pilot off the line, thereby adversely effecting flight schedules of his company, in a most difficult dilemma.

To allow professionally qualified independent training companies to perform the crucial training and checking functions discussed above for those carriers desirous of contracting out that function would be to recognize the realities that currently exist in the industry today. Some of those realities are as follows:

1. The FAA itself admits that large portions of the Part 121 and 135 FARs are outdated.
2. Training and checking regulations were written before the advent of the (high quality, advanced technology) training center capability that exists today.
3. Because of competitive industry trends resulting from a deregulated industry very few of the smaller 121 and none of the 135 carriers can afford the capital investment to build their own training facility. (A state-of-the-art advanced technology simulator can cost as much as \$10 million dollars.)
4. Operators who cannot afford to build their own training facility are often forced to do their training in the airplane. The safety and quality of training in simulators have been demonstrated to be clearly superior to training in one's own airplane, not to mention the advantages to society of less congestion at crowded airports, reduction in noise complaints, and the conservation of fuel, etc.
5. Advanced Simulaton training centers have some of the highest quality instructors in the industry. FAA specifications

for establishing this level of training require such qualifications, and the very nature of the training dictates high entry qualifications followed by intensive training.

6. An independent training company would bring an objectivity to the checking and training requirements of an airline analogous to the objective function an external auditor brings to a public corporation.
7. Currently, the only alternative to the operators using their own check airmen, is to use local FAA office operations inspectors. With the deregulated airline industry and the rapid expansion of many new carriers, the FAA is hard pressed to meet the daily requests of these airlines. Now faced with Gramm-Rudman budget constraints, it is difficult to imagine the FAA having adequate manpower available to meet these growing aviation industry demands.
8. It would be far more efficient for the FAA to inspect and monitor the quality of designated check airmen at a training center that is providing contract training for numerous operators than to try and monitor every individual certificate holder's check airmen.
9. It is a reality that good pilots are not necessarily good instructors. Independent training centers, however, in order to survive economically, have to provide quality instruction or the companies with whom they contract will cease to do business with them.

One argument that has been put forth is that while a few training companies have made the financial and professional commitment to create state-of-the-art training capability, the FAA could not grant authority to conduct Part 121 and Part 135 training and checking to those few facilities and at the same time deny that authority to smaller, less sophisticated training organizations around the country. If that philosophy were carried to its logical conclusion, then the FAA, to be impartial, would be forced to choose between either selecting the lowest quality denominator in the industry as the standard for granting authority

to train and check, or conversely, deny the right to train and check 121 and 135 operators to all training companies, regardless of the need for such high quality training.

Neither of the two options discussed above accomplish the common objective shared by all members of the aviation industry and the flying public, i.e., enhanced safety as a result of the well-trained pilot. In order to match industry need with private sector capability an industry task force should be created to study this problem and report its findings and recommendations back to this committee in a relatively short period of time. Members of the task force should include representatives from the following organizations:

- 1) FAA
- 2) ALPA
- 3) RAA
- 4) NATA
- 5) NBAA
- 6) Flight Safety Foundation
- 7) Private Sector Training Companies

It is my humble belief that such a task force would provide a very needed benefit for the advancement of aviation safety in our industry.

CONCLUSION

Mr. Chairman and members of the Committee, thank you for your time today and for the opportunity to testify before your Committee concerning the role of the private sector training capability. I would be happy to answer any questions that you might have.

NATIONAL AIR TRANSPORTATION ASSOCIATION

STATEMENT OF LAWRENCE L. BURIAN, PRESIDENT

ACCOMPANIED BY BEVERLY DRAUGHON, DIRECTOR OF OPERATIONS AND REGULATORY AFFAIRS

Senator ANDREWS. Our next witness will be Mr. Lawrence Burian, president of the National Air Transportation Association.

Mr. Burian, let me assure you that your testimony will appear in the record as though you have given every word. You may summarize in any way, and leave what time there might be for questions. Hopefully, there won't be another vote before we finish the witness.

Mr. BURIAN. I am happy to say, Senator, I will summarize my remarks. Appearing with me today is Mr. Beverly Draughon, the director of operations and regulatory affairs of National Air Transportation Association.

I was advised this morning, talking to one of our members of the large constituency we represent from your district, sir, Mr. Jack Daniels. He sends his regards and thanks you for this opportunity.

Senator ANDREWS. Jack Daniels is one of the finest operators you would ever want to find anywhere in any State.

Mr. BURIAN. If you don't mind, I will pass that good word on to him.

Senator ANDREWS. Do that.

Mr. BURIAN. NATA is just like the rest of the industry. We are very concerned and frustrated at the existence of the very large aviation trust fund surplus.

It is sitting there, not being used, and we are very discouraged over the past 5 years of this existing program, and indeed, the program, since its inception in 1970, has been filled with broken promises and unfulfilled obligations, we think in the development of the airways and airport system of this great country.

With that large trust fund looming there before us and a lot of work to be done, we are faced with even bigger problems, with the potential for even more massive cuts through the Gramm-Rudman-Hollings, or the GRH. The pattern of the cuts have become clearer with time, and again, we are very concerned with what the future holds under GRH, and we are very, very fearful that further cuts will lead to dismantling almost entirely of the ATC modernization program and reduce the already limited airport capacity.

We don't necessarily oppose the concept or the objective of reducing our Nation's deficit, but we do object to the tactic being used that holds the aviation trust fund hostage to conceal the true extent of the Federal deficit. I won't belabor that point. You have heard it many, many times over the course of many hearings.

We do object strongly to the hostage aspect of the aviation trust fund.

We are extremely concerned with the funding shortfalls for airspace modernization and the outlook for airports is equally troubling.

Funding levels for airport modernization construction have repeatedly fallen below authorized levels over the years.

Although the 1987 administration budget proposal of \$712 million, instead of the \$1 billion-plus previously authorized, we are pleased that the Senate budget resolution will recommend funding of airport improvement at the authorized levels.

We feel very strongly that the airport development must be funded and programmed at a rate to exceed the air traffic system.

I guess, in short, Senator, we can have the best ATC modernization program going, but without the companion airport development, the necessary concrete, that is going to be academic. So we are going to have to have both.

With regard to the National Airspace System Plan, the first year of the act, 1982, was the only time that the authorization level was met by full appropriations, and as a result since that time, during this current program, we have an accumulated shortfall of over \$1.5 billion, or 25 percent less than the amount authorized.

That distresses us very much. We know that FAA is faced with a lot of difficult choices during the past few years, and their job has been tough to make up for the shortfall on projects, but unfortunately, it has been at the expense of some very much needed programs, such as precision approaches.

With that, we are really perplexed on the precision approach side. The hiatus that we are going to be experiencing with the near elimination of ILS, to be replaced by the MLS program, we are looking at a 10- or 15-year period where there is going to be little, if anything, for people in our industry.

We are concerned that the FAA's decision to go off full funding is going to have a great impact on the industry. In addition to the programs being removed from full funding, RE&D programs, were either slowed down or deferred from this fiscal year 1987 budget, and one such program is the airport surface surveillance which encompasses runway intrusion, which we think is one of the greatest aviation safety problems facing us on active airports throughout the United States.

We are unequivocally opposed to the proposed 75 percent trust fund contribution to FAA operations. The implication here is that only 25 percent of FAA operations are of general public benefit, a notion that we simply cannot accept.

I think in quick summary, Senator, we support funding of the training of new safety inspectors, for the training of systems and maintenance personnel. These are long-term commitments that we have to make and we have to make now.

In conclusion, we applaud the efforts of this committee under your leadership to enhance the airport and airways systems, and we strongly encourage you to do everything possible to fully fund the fiscal year 1987 aviation programs.

I thank you for the time you have allowed for this association to present its views, and if there is anything that we can do, we will.

Senator ANDREWS. Thank you, very much, for your appearance, Mr. Burian. Should we interpret your statement to say that FAA is short-changing needed improvements at smaller airports?

Mr. BURIAN. I think that is a fair statement; yes, indeed. And I think that with some adjustments in the budget and, indeed, some administrative adjustments of FAA management, we can get a big job done.

Senator ANDREWS. Thank you, very much.

[The statement follows:]

STATEMENT OF LAWRENCE L. BURIAN

My name is Lawrence L. Burian, I am the president of the National Air Transportation Association. NATA represents the business interests of the nation's Air Taxi airlines and Fixed Base Operators (FBOs). As such, we are vitally concerned with the status of aviation funding and greatly appreciate this opportunity to present our views for the record.

NATA, like the rest of the aviation industry, is frustrated by the existence of a large Aviation Trust Fund surplus and annual funding that does not keep pace with growing demand, much less prepare for future needs. It is obvious that the revenues in the Trust Fund are being held hostage to artificially improve the general fund deficit projections. After five years of funding below the levels authorized in the 1982 Airport and Airways Improvement Act, we are now faced with massive cuts in FAA spending as a result of the Balanced Budget and Emergency Deficit Reduction Act of 1985, commonly referred to as "Gramm-Rudman-Hollings," or simply "G-R-H."

The pattern of these cuts is becoming clearer with time, and we are very concerned that a continuation of these cuts will lead to a further dismantling of the ATC modernization program and reduced or limited airport capacity.

NATA does not oppose the concept or the objective of reducing the federal deficit. We feel it may be a necessary step in restoring the fiscal health of the economy of the United States. We do, however, object to the tactic of using the Aviation Trust Fund to conceal the true extent of the deficit. Further, we object most strenuously to those funds being held hostage when the need for them is current and growing.

NATA supported the imposition of an increased level of user

taxes in 1982, based largely on Administration assurances that the money would be spent as authorized. The trust between the Administration and industry, that we confidently felt existed, was violated soon thereafter, with diminishing funding levels appropriated to long-term projects.

While we are concerned with funding shortfalls for airspace modernization, the outlook for airports is equally troubling. Funding levels for airports have repeatedly fallen below the authorization levels. For instance, the total authorization for fiscal years 1983 through 1986 was set at \$3.542 billion, but \$332 million of that amount has not been appropriated. Although this may not appear to be critical over the 4 year period, we are very concerned with the precedent it may establish. The 1986 appropriation of

\$925 million was reduced to \$885 million by the deficit reduction legislation. Although, the 1987 Administration budget proposed only \$712 million instead of the \$1.017 billion previously authorized, we are pleased that the Senate Budget Resolution (Senate Concurrent Resolution 120) funds airport improvement at authorized levels.

NATA feels very strongly that long-term projects such as airport development must be funded and programmed at a rate to exceed the air traffic system capacity growth or the air transportation industry in the United States will be faced with ever-increasing landing delays, air or ground holding delays, and an increasing number of slot-constrained airports. For example, we are currently faced with capacity constraints at four major terminals, and knowledgeable industry sources forecast this will likely increase to 22 capacity limited airports within five years. Within ten to fifteen years that number could grow to about 60. Sources within FAA tell us that an annual funding rate of \$600 million is needed just to keep pace with safety related items. A

full billion dollars per year is needed to put the Airport Improvement Plan back on schedule and in synchronization with the anticipated demand of the Air Traffic Control system.

The National Airspace System Plan, originally projected to cost \$11.709 billion, has risen to \$12.259 billion with the addition of Terminal Doppler Weather Radar (\$550 million). As you know, this program is driven by F&E appropriations. The first year of the Act, 1982, was the only time that the authorization level was met by a full appropriation, and as a result, there is currently an accumulated short-fall of over \$1.5 billion, a full 25 percent less than the amount authorized.

The President proposes that the 1987 budget include \$825 million for F&E and predicts subsequent funding at a level of \$1.164 billion per year through 1992. If this comes to pass, we are convinced that some programs will be delayed beyond the programmed completion date of 1992. Historically, delay means higher cost . . . much higher cost!

We know that the FAA has faced some difficult choices due to the failure of appropriations to meet authorized levels. During FY 1986, to make up for the shortfall, projects were funded at the expense of precision approaches, weather reporting equipment and ATC surveillance radar at small community airports. Each of these programs has a direct effect on the safety of general aviation. We contend that there will be no significant breakthrough in general aviation safety until we have precision approach facilities equivalent to those enjoyed by the scheduled air carriers. For this reason, we strongly encourage the necessary appropriations to bring these programs back on schedule.

NATA is concerned with the FAA's decision to go off full funding in 1987 to minimize the impact of reduced appropriations.

We appreciate the fact that the budget level was mandated and we understand the reason for purchasing equipment now, with no money available for its installation or upkeep, and hoping that future years will provide such money. However, we do not share the FAA's confidence that the necessary funds will be provided in the future. It is possible that this approach will, in the short-term, preserve the modernization time-table, but we would feel more comfortable if the problem was met head-on by reinstating funding to the programmed levels.

Among the critical programs taken off full funding in the 1987 budget are such vital items as Terminal Doppler Weather Radar, Air Traffic Control Tower modification or replacement, Flight Service Station Automation, Terminal Radar (ASR-9), Microwave Landing System, VHF Directional Finding, Traffic Management Systems and Center Weather Processing. By taking these programs off full funding, the FAA was able to allocate the \$91.2 million saved to nine other programs to keep the NAS Plan close to the schedule. Those projects are Long Range Radar, Central Flow Computers, Loran C, Safety Related Approach Lighting Systems, Automated Weather Observation Systems (AWOS), Precision Approach Path Indicator (PAPI) lighting systems and straight-in non-precision approach lighting systems.

In addition, some R&D programs were either slowed or deferred from fiscal year 1987 budgeting. One such program is the Airport Surface Surveillance which encompasses runway intrusion and automation aids. In our opinion, runway intrusion is one of the foremost aviation safety problems facing active airports today.

Another program with development slowed in 1987 is the Data Link Applications Development, a key factor in automated collision avoidance. The development of sensors for Parallel Runway

Monitors to insure safety where simultaneous parallel approaches are used, is a joint safety and capacity improvement program that is also threatened. Terminal Air Traffic Control Automation is a casualty of the funding reduction as well as further research into technology for development of windshear detection. In addition, funds are not available for development of Oceanic Automated Dependent Surveillance.

R,E&D funding for the first five years experienced a shortfall of \$126 million dollars. OMB figures for the next five years allow only \$127 million per year for a total of \$635 million. FAA programs show a need for almost twice that amount. Significantly, these items are of a fixed cost variety and savings can seldom be realized through cancellation.

An examination of the major FY 1987 R,E&D account discloses a total of twelve such programs. Four of these are of long range value and essential to capacity improvement. They also constitute 67.7 percent of the cost of the FY 1987 program. The four programs are Voice Switching and Control System Development (VSCS), Aircraft Safety, Automated En Route ATC (AERA) and Advanced Automation. Additionally, the FY 1987 program encompasses Separation Standards, Advanced Traffic Management, Terminal Collision Avoidance System (TCAS), Terminal Weather Radar, Next Generation Radar (NEXRAD), Aviation Security, Aviation Medicine and Aircraft Noise Pollution.

Further, we are concerned with the funding in the operations account. First, we are unequivocally opposed to the proposed 75 percent Trust Fund contribution to FAA operations. The implication is that only 25 percent of FAA operations are of general public benefit, a notion that we simply cannot support.

NATA does support funding for the training of new safety in-

spectors and for the training of systems maintenance personnel. These are long-term commitments we must make if our airport and airways system is to function properly and safely, and it is, therefore, extremely short sighted to curtail funding in these critical areas. It is more destructive to the viability of the system to place partially or inadequately trained personnel in these fields than it would be to leave the position vacant until the person is fully trained. Systems maintenance has already experienced a decline in personnel of about 17 percent over the past four years. There has been a similar decrease in safety inspectors.

In conclusion, NATA applauds the efforts of this Subcommittee under your leadership to enhance the airport and airway systems and we strongly encourage you to do everything possible to fully fund the FY 1987 aviation programs and oppose the Administration's request to eliminate the 2-for-1 penalty provision and interest payments to the Trust Fund. NATA recommends that this Subcommittee fully appropriate the amount approved for aviation funding in the budget passed by the Senate.

The National Air Transportation Association thanks you for the opportunity to present our views on these critical issues. We will be pleased to respond to any questions you may have.

NATIONAL ASSOCIATION OF STATE AVIATION OFFICIALS

STATEMENT OF ROBERT WARNER, EXECUTIVE VICE PRESIDENT

Senator ANDREWS. Our next witness is Mr. Robert Warner, executive vice president of the National Association of State Aviation Officials.

Mr. Warner, good to have you here.

Mr. WARNER. Good morning, Mr. Chairman, thank you. The National Association of State Aviation Officials welcomes the opportunity to comment on the 1987 budget request of the FAA. We have submitted written comments.

Senator ANDREWS. Your written comments will be made a part of the record, as though you uttered every word.

Mr. WARNER. Thank you, Mr. Chairman. Summarizing very briefly, as you know, NASAO is a unique aviation organization representing the State government service agencies that, much like FAA, are charged with the responsibility to fulfill the aviation infrastructure needs of the citizens. Indeed, we are a stewardship partner with the FAA in preserving the Nation's airports.

We are quite concerned as an organization with the effects of Gramm-Rudman-Hollings on the aviation infrastructure, and the FAA's ability to cope with the safety and capacity needs of the future as a result.

In March, we testified before the Aviation Subcommittee of the House, with specific comments on our concerns about the effects of Gramm-Rudman, and we have attached a copy of that testimony for this subcommittee's consideration.

I would like very briefly this afternoon to comment on the trust fund use, and also to underscore a few of our concerns about the 1987 request and address a few State capabilities that have not been noted previously, perhaps.

First, the trust fund. Like most other aviation organizations, in 1982, we agreed with the user-funded concept of improving the national airspace system. As mentioned by the previous witness, we are now shortchanged over \$1 billion in facilities and equipment and almost one-half of a billion dollars in airport development, as was anticipated by that legislation in the early 1980's.

We have no problem with some operations and maintenance money being used from the trust fund, but we believe an unlimited checkbook is not appropriate. We are not alone in the aviation community in our concern about the trust fund surplus.

That concern is shared by other transportation organizations, such as the American Association of State Highway and Transportation Officials, and the American Transportation Advisory Council, who say in part that a trust fund is a very sound financial mechanism for meeting the needs of the transportation infrastructure without burdening the general revenues.

Now, a few comments on the 1987 budget request. Perhaps the most important subpart of FAA's request to the States is that of airport aid. Every State has responsibility for aviation programs; most administer considerable State programs, themselves.

Most have resources in system planning and their experience causes them to feel that our organization should request full funding at the authorized levels for all airport funds in the 1987, and each year's appropriation request.

In the facility and equipment request, our concern is that there will be fewer and fewer facilities placed into the field and that is part of the motivation that our organization and our State agencies have worked with the FAA in a partnership role to exploit the opportunity of LORAN-C signals being used for nonprecision approaches, and to increase the utility of many VFR-only airports around the country.

In the operations area, we would highlight a concern and ask the subcommittee to look carefully at the staffing of maintenance technicians, also that money is available for continuous flight checking of navigational aids, both those owned by the Federal Government and those that augment the Federal system and that are owned by State governments.

We are also quite concerned about cuts in the collection of airport safety data, most of which is done by State agencies on contract to the FAA. This important safety data is what ends up on our nautical charts, on controller video maps and also are necessary for our planning needs.

That concludes my comments, Mr. Chairman. If you have any questions, we will be happy to answer them.

[The statement follows:]

STATEMENT OF DAVID S. FULTON

I welcome the opportunity to appear before you today to provide comments on the FAA's Fiscal Year 1987 appropriations request. I am David S. Fulton, President of the National Association of State Aviation Officials and the appointed Director of the Tennessee Department of Transportation's Office of Aeronautics.

NASAO'S primary purpose as an organization is to foster and encourage cooperation between the states, as well as the federal and local governments in the development of an air transportation system that will be responsive to all needs. Our individual members are charged with the responsibility of fostering, developing, and regulating aviation at the local and state level. We appear before you today not only to comment on the FAA's budget request, but also to outline an opportunity to save federal dollars within aviation programs.

NASAO is truly concerned about the ramifications of the Gramm-Rudman-Hollings legislation's impact on the DOT, and FAA budgets. As details of the impacts on staffing and programs become available, we are further convinced of our earlier conclusions that GRH, added to the recent annual decrease in appropriation requests will further chip away at the ability of FAA to cope with necessary commitments to future aviation system safety and capacity.

Last month, NASAO testified before the House Aviation Subcommittee on the effects of Gramm-Rudman-Hollings and the 1987 DOT Budget request on aviation programs. At that time, we outlined a number of methods to increase the involvement of states in aviation programs which would result in cost savings to the federal government. We have attached a copy of that testimony to these comments for use in this Subcommittee's deliberations.

Below we will comment on specific FAA appropriations requests and the use and future of the Aviation Trust Fund.

Aviation Trust Fund and the Unified Budget Process

In 1982, NASAO joined with most members of the aviation community, when we acknowledged the fiscal development requirements to take the United States aviation infrastructure into the next century. We agreed at that time to the concept of the direct users of the system paying the majority of the development costs for the modernized system. Now, unfortunately, NASAO must point to the history of the last four years which have proven our collective decision to "trust" this funding mechanism a wrong one. The violation of the "trust" fund concept to provide the appearance of a smaller federal deficit is an insult to the aviation community and those of us responsible for carrying out governmental mandates to assure an adequate air transportation system.

With the Fiscal 1986 and 1987 budget requests, the facilities and equipment authorizations have been underfunded more than \$1 billion since 1982. The trust fund contributors - and the entire nation - will have been denied over one-half billion dollars in airport improvements. Once again in the 1987 request, the Administration has asked for an elimination of the "penalty clause" to permit a higher level of operations and maintenance funding from the Trust Fund and an elimination of payment of interest on the Fund. The explanation provided by the FAA for the latter move - that it "compensates general taxpayers for contributing more than their share in past years" - is

completely transparent and founded in a philosophy which the states do not accept. The general public and this nation has benefited greatly from the development of the world's finest air transportation system.

While NASAO has accepted a use of the Trust Fund for some O & M expenses, we do not accept the Fund's unlimited use in this manner when the intended purpose of the Fund is going unmet. The Administration seems to have found a solution to the transportation community's complaint about the Trust Fund surplus. The 1987 request reduces the year-end uncommitted balance to \$1.4 billion by eliminating interest payments and funding 75% of the FAA operations cost from what Congress instituted as a "capital improvement pot." The state and local governments are cognizant of airport and airway improvements going unmet. We do not believe that the Administration's method of Trust Fund drawdown is the proper one.

While NASAO is fully sympathetic to the plight of the federal deficit - many states being confronted with the identical situation - we do not believe that the user-financed Trust Fund should be held hostage to the Unified Budget problems. For this reason, NASAO supports S.1979, H.R.4191, and any other effort to remove the Aviation Trust Fund from the Unified Budget Process.

The aviation community is not alone in its recognition of the effects of these shortfalls in transportation funding. The interrelationship of aviation to other transportation modes and the interdependence of all modes being developed for the future is evident in the policy positions of many transportation related organizations:

* The American Association of State Highway and Transportation Officials: "The federal government should retain the responsibility of collecting Airport and Airway Trust Fund revenues. Taxes collected from system users and placed in dedicated trust funds should be promptly and fully used to accomplish the purposes for which they were collected.

"Interest which accrues to Trust Fund monies is an integral part of that Trust Fund, and should, along with the Trust Fund monies, be dedicated only to those uses which help accomplish the goals for which the Fund exists. Airport and Airway Trust Fund surpluses should be drawn down by appropriating the funds for the purpose for which they were collected: improvement of the airport and airway system.

"Congress should remove trust-funded programs from the Unified Federal Budget.

"The Airport and Airway Trust Fund should not be subjected to the expenditure ceilings used in the Unified Budget process to help reduce the national deficit."

* The recent third report of the American Transportation Advisory Council, a coalition of associations and private-sector organizations concerned with the future of transportation in the U.S., stated that trust funds "are sound financial mechanisms for the improvement of the nation's transportation system. They have enabled important and sorely needed transportation improvement programs to move forward without impacting general revenues.

"Under the present budgetary process, trust funds are subject to the annual budget resolution approved by the Congress. As such, they also are subject to an expenditure ceiling, device used to

limit the overall budget levels. Consequently, the capital program improvements envisioned, and used as the basis for enacting the user fees in the first place, suffer from substantially reduced financing. Programs financed through dedicated funds, the user fee revenue system, do not add to the overall deficit since they are not part of the general revenue.

"Congress should examine the user fee mechanism and remove these dedicated funds from the unified budget process. Those who pay these "user fees" should be guaranteed that they are disbursed and used for the programs for which they are intended, without any restriction or fiscal limitations.

"The American Transportation Advisory Council does not believe the current tax should be reduced or interest from the Airport Trust Fund diverted into the General Fund. The integrity and the original intent of the Airport and Airway Trust Fund must be maintained. User fees collected for airport safety and capacity development should be used only for those purposes. Limited funding of operational and maintenance expenses from the Trust Fund should be made only after the primary airport system needs are met."

Airport Aid Program

The extremely important areas of future planning, airport and total system development, and preservation, as well as research, have suffered during this period of restructuring and reprioritization. The federal fiscal situation has only added another layer of incentives requiring innovative approaches to preserve and expand the air transportation infrastructure. There is a need for creative methods by all levels of government to accommodate the service needs of the nation.

We are cognizant of the pressure on the federal government to assure the continued safety of the current system even if this requires setting aside concerns about the future. FAA informed the House Aviation Subcommittee last month that they had requested the full airport authorization level of \$1.017 billion in their submission to the DOT last fall. Unfortunately, the Administration does not agree within larger budget priorities as to the funding needs of the National Plan of Integrated Airport Systems (NPIAS).

Last week Administrator Engen stated that he is dangerously low on operating funds. One possible solution he forwarded is "reducing the flow of air commerce in the U.S." FAA has briefed the state agencies on the possible cuts in contracts to collect airport safety data and federal assistance for airport master planning and system planning updates. The FAA's airport program staff is already dwindling and will no doubt continue to be a target for additional cuts, further reducing the FAA's capability to provide for the preservation of the Congressionally-mandated NPIAS. Many "future-looking" programs, such as FAA's Project Safe - to restructure the current flight standards organization to better oversee the evolving demands within a deregulated air transportation industry - rightfully belong within the federal government aegis.

However, there are many other programs that might be better or equally served - with less federal expense - by contracting to the private sector or transferring to other levels of government. The state governments are particularly well suited, based on many years of experience, for taking on a greater role in airport improvement and

preservation as well as aviation system planning. Every state has some level of involvement in aviation programs. Most have the experience of administering state airport development programs, many programs being larger than the state portion of the federal program. Most states also have more than adequate resources and experience in state aviation system planning.

There have been questions in the past, that will no doubt be repeated as to how the states can save federal dollars, and why the states are qualified. Our response to those questions are provided, in part, in the attached testimony before the Aviation Subcommittee (pages 5-7).

Facilities and Equipment

The decrease in F & E budget requests and appropriations levels is also of great concern to the states. The further reduction of the request from 1986's \$993 million to 1987's \$825 million could well indicate that fewer facilities will be placed in the field, resulting in states having to provide the shortfall in needs to assure the utility of the National Airspace System. It is for this reason that the states have become actively involved in a number of other "self-help" projects to provide expanded capabilities to the aviation system. One major effort has included a partnership project with the FAA to exploit the existing LORAN-C signals for instrument approach procedures. Other efforts have been conducted largely independent of FAA involvement, such as state projects to test automated pilot weather briefing systems and automated weather observing stations. LORAN C will be discussed here and weather systems later as a part of comments on R & D.

LORAN-C

Excellent progress has been made in the last year in the joint effort between the FAA and the states to develop approved instrument approach procedures utilizing LORAN-C. Significant in the FAA's budget request is the fact that funding is a part of F & E and Operations - not R & D. The FAA recognizes that further feasibility studies are not required. The opportunities provided by the development of LORAN approach procedures that could increase the utility of hundreds of "visual-only" airports around the country is with us today. It is estimated that more than 25,000 aircraft operators have already invested in airborne LORAN equipment because of its current advantages in visual and enroute instrument navigation.

There are considerable cost advantages to the federal and state governments in filling the mid-continent gap of signal coverage. As mentioned above, states are eager to provide increased utility for the airports within their jurisdictions. Competition for federal F & E or Airport Improvement money is fierce, and will apparently continue to get worse. The weakest area of LORAN signals is through the mid-west and lower Rocky Mountain region. FAA's relatively modest request for funding to reimburse the U.S. Coast Guard (the operator of the U.S. LORAN system) to provide transmitters, is essential to the continuation of this important project. NASAO has begun discussions with its Canadian counterpart organization - which is also actively pursuing the use of LORAN for general aviation and air carrier use in remote areas - to determine if costs can be reduced for both countries through planning coordination and careful placement of the needed transmitters.

NASAO also supports two other minor expenditure requests associated with the LORAN project: \$425,000 for equipping various FAA aircraft with airborne equipment and \$1.5 million for a continuation of a multi-year

effort to perform Airport Datum Monument surveys. The latter project is actually intended to serve any future earth-referenced navigation systems.

Operations

As mentioned earlier, NASAO's primary concern with the 1987 Operations request is the funding of 75% of the request from what was originally constituted to be a "capital improvement" fund. We fully appreciate the dire need for operations funding to keep the system in safe motion. We have no quarrel with - and in fact, approve of - the DOT's Fiscal 1986 Supplemental request of \$80 million and the FAA \$2.8 billion request for 1987. However, our concern for the capital needs of the NAS Plan and the NPIAS create our objection in concept as discussed above.

Two areas deserving of special mention within the Operations request is the staffing of maintenance technicians and the periodic flight checking of navigational aids. While more automated and remote monitoring of facilities is being utilized, we must be sensitive to the FAA's requirements for vital staffing in an aging technician workforce. The states have been assured by the Administrator that flight check requirements will not be reduced and non-federal facilities, such as those operated by the states, will receive uninterrupted service. This is essential to the continued safety of the statewide air transportation systems.

Research and Development

Research is an area heretofore not thought to involve state expertise. This is no longer the case. Many states, as a result of their need to economize and as a part of state DOT efforts, are on the leading edge of bring automation to several aviation functions. There are two particular areas, which are appropriate for discussion here.

Pavement Management Research

The highest single priority within the stewardship of the nation's airports is - and should be - the preservation of the existing facilities in a safe condition. The accomplishment of this goal provides a positive example of the cooperation that is possible between the federal and state governments. Under contract to the FAA, 40 states participate in the airport safety data program. This program includes site inspections to assess the condition of the airport. Of course, this program is well suited for the states since most states would otherwise be visiting the airports to accomplish similar state responsibilities for airport and aviation system oversight.

The states have played an active role in the advancement of the science of facility pavement management and evaluation. As the largest collective owner of airports in the nation (33 states own and/or operate airports), and the agencies responsible for state aviation system plans, NASAO members are vitally interested in preserving the existing airport network. In conjunction with and building on the experience of the Army Corps of Engineers and the states' Departments of Transportation, a system has been developed to exploit automated techniques to more effectively manage and preserve airport pavement. The states are involved in the design and testing of these methods for airports of all sizes. We commend the FAA for their efforts in the program, and appreciate that the users of the product - in this case, airport management - have been involved in the design and test phase. We

support the need for this program within the FAA research budget request. The \$3.133 million request for Airport/Airside/Landside research - of which pavement management work is only a portion - is a small investment now for saving considerable amounts in airport reconstruction later.

Automated Weather Equipment

This Subcommittee is well aware of the current status of the FAA's Flight Service Station automation project. NASAO shares the frustration of the entire aviation user community over the painfully slow introduction of current-generation technology into the PSS network. Since last summer, the entire Model II phase of the program - which would literally place automation in the hands of the users - has been on permanent hold.

Meanwhile, a number of states, through their aviation agencies, have augmented the federal FSS system by providing a network of pilot self-help computer terminals at well-travelled airports. The State of Minnesota placed 53 terminals at 49 airports over three years ago. Since that time, these facilities have provided 24-hour access to aviation weather for pilots, as well as color weather radar displays to the general public through a Minneapolis-St. Paul public television station.

Wisconsin has also been a leader in utilizing available technology. In 1984, the Wisconsin Department of Transportation developed a statewide system of 18 weather access terminals using private sector contracted services. The State's Bureau of Aeronautics is currently studying the options available to make the test program a permanent service by reducing the communications costs.

NASAO has informally discussed the opportunities available to the federal government as a result of the state testing programs. Many other states are eager to become involved in a FAA/state partnership program. Some states will go forward without the FAA. Our suggestion to the FAA - and this Subcommittee - is that our experience be made a part of the FAA implementation plan. We believe more emphasis should be placed on the use of "off-the-shelf" technology.

Conclusion

NASAO appreciates the opportunity to provide this information to the Subcommittee, and welcomes any questions you may have.

TESTIMONY OF THE
NATIONAL ASSOCIATION OF STATE AVIATION OFFICIALS

Before the
SUBCOMMITTEE ON AVIATION
HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

Mr. Chairman and members of the subcommittee, I welcome the opportunity to appear before you today to provide comments on the effects of the President's budget and Gramm-Rudman-Hollings on aviation programs. I am David S. Fulton, President of the National Association of State Aviation Officials and the appointed Director of the Tennessee Department of Transportation's Office of Aeronautics.

NASAO'S primary purpose as an organization is to foster and encourage cooperation between the states, as well as the federal and local governments in the development of an air transportation system that will be responsive to all needs. Our individual members are charged with the responsibility of fostering, developing, and regulating aviation at the local and state level. We appear before you today to outline an opportunity to save federal dollars within aviation programs that surely must and will be cut in an effort to cope with the overwhelming federal deficit.

NASAO is truly concerned about the ramifications of the Gramm-Rudman-Hollings legislation's impact on the DOT, specifically the FAA budget. While details of the impacts on staffing and programs are still sketchy at best, we know that any reductions, added to the recent annual decrease in appropriation requests will further chip away at the ability of FAA to cope with necessary commitments to future aviation system safety and capacity. It is for this and other well-documented reasons, that NASAO has long favored any effort to remove the user-financed Aviation Trust Fund from the unified budget.

In the past, NASAO and its member state service agencies have volunteered to cooperate in determining the solutions to these and other problems. However, the constant erosion of the present and future capabilities of the federal government to meet this challenge requires a new look at the well-defined problem. We believe the time is now for all states with the proven capability to help save federal dollars by administering certain provisions of the federal airport aid program which will relieve the federal government of that burden. For reasons detailed below, we have approached the FAA and DOT to quickly develop in conjunction with NASAO a capability to transfer this responsibility under the current law to the state service agencies that have the immediate capability to accept it.

The states recognize the need in these austere times for the federal government to shift its resources and capabilities toward the most immediate safety and capacity needs of the nation's aviation system. The controller's strike and the advent of airline deregulation have put greater - than - anticipated demands on FAA management and resources. NASAO is aware of proposals to delay a number of programs in the National Airspace System Plan and cut short the Congressionally-assured Essential Air Service subsidy program. While we disagree with many of these cutbacks and delays, we acknowledge that we simply "cannot get there from here" given the magnitude of the federal deficit.

Extremely important areas of future planning, airport and total system development and preservation, as well as research have suffered during this period of restructuring and reprioritization. The federal fiscal situation has only added another layer of incentives to the need to look for innovative ways to preserve and expand the air transportation infrastructure. NASAO foresees only more of the same negative impacts. There is a need for creative restructuring of the accommodating service provided by all levels of government.

We are cognizant of the pressure on the federal government to assure the continued safety of the current system even if this requires setting aside concerns about the future. FAA has briefed the state agencies on the possible cuts in contracts to collect airport safety data and federal assistance for airport master planning and system planning updates. The already dwindling airport program staff will no doubt continue to be a target for additional cuts, further reducing the FAA's capability to provide for the preservation of the Congressionally-mandated National Plan of Integrated Airport Systems. Many "future-looking" programs, such as FAA's Project Safe - to restructure the current flight standards organization to better oversee the evolving demands within a deregulated air transportation industry, rightfully belong within the federal government aegis.

However, there are many other programs that might be better or equally served - with less federal expense - by contracting to the private sector or transferred to other levels of government. The state governments are particularly well suited, based on many years of experience, for taking on a greater role in airport improvement and preservation as well as aviation system planning. Every state has some level of involvement in aviation programs. Most have adequate resources and experience in state aviation system planning.

There have been questions in the past, that will no doubt be repeated as to how the states can save federal dollars, and why the states are qualified. Our response to those questions include the facts that:

- * Future reduced funding for AIP enhancement is evident. Ignoring this situation further is not an option.
- * States are ready to take on increased responsibility.
- * Funds should remain collected at Federal level and distributed to the states under current formula. About half of the States are capable of taking over the administration of general aviation, reliever and non-primary commercial service airport grants immediately.
- * More cost effective for states to administer. March 15, 1985 Controller General report to the Congress (GAO/HRD-85-36) concludes: "...state activities provided an administrative framework for carrying out their new block grant responsibilities."
- * States are closer to airport problems and more knowledgeable of specific needs and time-proven solutions.
- * Eliminate duplication of multiple levels of government involvement.
- * In 1978, four states conducted demonstration programs for State administration of Federal Airport Development Aid Program. Evaluation audit by FAA stated that program was a success.
- * In 1985, the American Association of State Highway and Transportation Officials (AASHTO) adopted a national policy favoring state

administration of the AIP. This support at the State DOT level assures multi-modal coordination and synergy of DOT facilities, skills and manpower.

* States will be able to better implement five year capital improvement programs (required by law in many states) that are based on state aviation system plans and are coordinated with the Federal National Plan for Integrated Airport Systems.

* 24 states are already participating in the administration of Federal funds through state channeling acts. Additional states also participate in various forms of Federal fund administration. Even more states administer State funding programs. Ten state agencies are required by state law to act as agent for airport sponsors.

* Efficiency of coordinating and combining Federal and State planning and construction projects. This has been proven for years in Federal/State highway programs.

* Most states (40) have experience as contractors to the Federal government in the collection of airport safety data. This program includes airport inspection responsibilities, and is best suited for the states because of similar state responsibilities for airport and aviation system oversight.

* States have many years of experience in airport facility (and specifically pavement) management and preservation expertise. For example in recent years, many states led the Federal government in the use of automated pavement evaluation and management techniques.

Based on the above, NASAO recommends that those states currently prepared to take-over the AIP grant administration for general aviation, reliever and non-primary commercial service airports be encouraged to do so in an effort to assist in the immediate reduction of the federal budget. We stand ready to explore other opportunities for state government aviation expertise to assist the federal government in fulfilling its obligations to the American public.

AIR TRANSPORT ASSOCIATION OF AMERICA

STATEMENT OF J. ROGER FLEMING, SENIOR VICE PRESIDENT, TECHNICAL SERVICES

Senator ANDREWS. Our next witness will be Mr. Roger Fleming, the senior vice president of the Air Transport Association of America. Mr. Fleming, good to have you here.

Mr. FLEMING. Thank you, Mr. Chairman. We are pleased to appear before you today on behalf of our members to address the administration's fiscal year 1987 budget request for FAA.

It is the ATA member carriers' view that the administration's request is simply inadequate to meet the clearly established airport and airway needs of this country.

Aviation operators face the distressing combination of an enormous trust fund surplus, while there are substantial unmet system development and operating needs.

The fiscal year 1987 budget request for FAA bears little relationship to aviation trust fund resources or what is required to ensure a safe and

efficient aviation system, and its enactment would compromise air traffic control system modernization and airport capacity improvements.

While recommending that user tax supported programs be funded 30 percent below their authorized levels, the administration proposes to amend the authorizing statute to permit the funding of \$2.1 billion of FAA operation and maintenance costs from the trust fund.

ATA strongly opposes this proposal.

The funding of FAA O&M from the trust fund at the expense of the programs on which the future of our system rely is unsound. It is widely recognized that the National Airspace System must be modernized for it to meet the operational and capacity challenges of the future.

We supported the NAS plan when it was announced; we supported the establishment of tax and spending levels adequate to implement it on a timely basis and we continue to support modernization. However, we are increasingly concerned about potential slippages in implementation of major components without which safety, efficiency, and productivity gains will be delayed.

If such major components do slip, as the fiscal year 1987 funding request envisions, the financial and technical viability of the NAS plan under the present method of funding and management is clearly in question.

In addition to the F&E items in support of the NAS plan, F&E items are also required to enhance capacity and reliability of the airport and airway system. Last year, we presented to this committee recommendations for F&E items as well as airport projects to enhance capacity at the so-called 22 pacing airports.

Considerable progress has been made by FAA and the airport operators on this industrywide effort over the past year. To date, 27 percent of these recommended improvements have been funded; another 39.5 percent are supported by FAA but funding has not yet been made available.

Aviation RE&D is also critical to the future success of airspace modernization. Underfunding RE&D will detrimentally affect NAS plan implementation schedules, and other FAA programs for increasing airspace and airport capacity.

I would also like to express our support for industry task force recommendations on airport capacity improvements in delay reduction. Mr. Don Reilly will tell you more about those shortly.

The constrained fiscal year 1987 RE&D budget request also does not include sufficient funds needed to complete important safety research on systems such as TCAS. Although \$4.3 million is included in the RE&D request to support further TCAS development, this funding level is inadequate to complete timely operational evaluations of modified TCAS II equipment.

Mr. Chairman, it is evident that the administration seeks to fund continued operation of the air traffic control system, and essential safety services which are clearly needed, but underfunds the capital and related research programs which provide for future safety and capability of the system.

The inevitable result will be enormous difficulties in the future as modernization of the airspace and enhancement of airport facilities are delayed. This is a source of great concern to the ATA members.

In conclusion, Mr. Chairman, the operations and maintenance needs of the system must be met, but current needs should not be met by shortchanging essential investment in the future of the system.

Thank you, sir.

Senator ANDREWS. Thank you, very much. Does ATA feel enough full performance level controllers are in place for this season's travel?

Mr. FLEMING. We do not, Mr. Chairman. We share your concern and this committee's concern with the very slow progress in qualification of controllers by FAA to meet their full performance level goal.

As you know, operational controllers also are able to work up to two positions in any individual ATC facility. So one must count both operational as well as full performance level controllers when considering the capability of the system. But the progress has been distressingly slow.

Senator ANDREWS. Do you have any updated figures on how much this refusal to put the proper people in the necessary slots is costing the airlines and, therefore, the traveling public this year?

Mr. FLEMING. Mr. Chairman, when I appeared before you several years ago, I provided an estimate for you that the cost of ATC delays to the operators, alone—not the passengers or shippers, but just to the operators—was on the order of \$1.5 billion a year. I know of nothing that would significantly alter that estimate.

I conceded that we felt, in the airline industry, that at least one-third of those delays could be avoided if we had in place the necessary number of qualified air traffic controllers and if we had necessary capital improvements to the system.

We are in the process at ATA of developing an air carrier delay reporting program, which will enable us to come to you with more refined information on the numbers of delays and the cost of those delays to passengers and shippers.

Senator ANDREWS. There is no magic in all of this. That loss of \$1.5 billion to the air carriers has to be passed on to the traveling public, does it not?

Mr. FLEMING. Inevitably, it is because it adds to the cost of operation.

Senator ANDREWS. So, in effect, what you are telling the subcommittee is the Department of Transportation's unwillingness to fulfill the mandate ordered by this subcommittee, is costing the individuals in this country \$1.5 billion.

Mr. FLEMING. Yes; in fairness, Mr. Chairman, we must concede that weather does heavily impact on the system, and I know that you heard more about the effects of weather on that Fargo to Minneapolis to Washington trip from the FAA than perhaps you wanted to hear.

Senator ANDREWS. I have heard that, and I am also capable of looking out the window—occasionally I even go up on the flight deck and fly where there is all kinds of visibility, and I will tell you, some of those delays were in blue bird weather.

Do you agree that 60 percent of the delays are weather-related?

Mr. FLEMING. The only statistics we have on that subject are FAA's, and of course, they tell us the same thing they tell you. It is very difficult to be certain.

Senator ANDREWS. Is that reliable?

Mr. FLEMING. Well, Mr. Chairman, that is the reason, one of the reasons why we are developing an air carrier delay reporting program so that we can hopefully validate those estimates, or challenge them if that should be the case.

Senator ANDREWS. Do you have any information along that line that you could provide the subcommittee before we take this bill to the floor?

Mr. FLEMING. Mr. Chairman, I am not sure that we will have information that you can rely upon in that timeframe. Unfortunately, I am afraid it will go into mid to late summer before we can provide you with that kind of documentation.

Senator ANDREWS. Well, given the way appropriations move around here, that might be timely.

Let me ask if when you get information that you deem to be accurate on what percent of these delays are weather related, what percent are related solely to the lack of adequate controllers, we would appreciate it if you would share that with us. I think what our friends at DOT are giving us is straight out of a book that might have been written by Lewis Carroll.

Whether he is talking about Alice, and her problems through the looking glass, or whatever else, we get awfully tired of saying it is weather, weather, weather, when you have been on airlines, I have been on airlines—you look out the window and see no clouds in the sky. That sure as heck is not weather related.

Mr. FLEMING. That is correct. It is very discouraging. You may be sure of our cooperation.

Senator ANDREWS. It is frustrating to us because in a tight budget situation, we provide manpower and the dollars for that manpower and they simply do not move the way they are supposed to move. Maybe a little public opinion might help move them.

Thank you, very much.

I will ask the subcommittee to stand in recess, subject to the return of Senator Lautenberg, a valued member of this subcommittee, who wants to hear the testimony of these two groups, The Port Authority of New York and New Jersey, and the Airport Operators Council International.

That will then conclude our hearings, at which time we will recess subject to the call of the Chair.

Senator Lautenberg, I am told, is on his way back. So, be assured that he wants to participate in your discussions and we certainly want to honor that request of his.

[A brief recess was taken.]

[The statement follows:]

STATEMENT OF J. ROGER FLEMING

Mr. Chairman, and members of the Subcommittee, I am J. Roger Fleming, Senior Vice President, Technical Services, Air Transport Association of America (ATA). ATA is pleased to appear before you today on behalf of our members to address the Administration's Fiscal Year 1987 budget request for FAA. It is our view that the Administration's request is simply inadequate to meet the clearly established airport and airway needs of this country.

Mr. Chairman, before addressing our views about the Administration's Fiscal Year 1987 budget request, I would like to express our strong support of an \$85 million urgent supplemental appropriation to the FAA in the current fiscal year. These funds are necessary and should be made available at the earliest possible date to ensure that the air traffic control system will continue to be operated and maintained in as safe and efficient a manner as possible, and that a portion of these funds be used to achieve the air traffic controller recruitment and training target levels set by the Congress for this year.

Turning now to the FAA budget request for Fiscal Year 1987, aviation faces the distressing combination of an enormous Trust Fund surplus while there are substantial unmet system development and operating needs. The uncommitted Trust Fund surplus, now estimated at over \$3.3 billion, is growing faster than ever before in its history, and is expected to reach \$4.3 billion by October of 1986. Review of FAA's most recent edition of the NAS Plan issued in 1985, compared to the original NAS Plan published in 1981, shows that important aviation safety and capacity improvements have already been delayed, notwithstanding the fact that expenditures for such improvements are entirely supported by taxes paid exclusively by users of the aviation system.

Now, in addition, damaging cuts in Facilities and Equipment (F & E), Research, Engineering and Development (R, E & D) and Airport Improvement Program (AIP) spending are requested by the Administration for Fiscal Year 1987. This budget request for FAA bears little relationship to Aviation Trust Fund resources

or what is required to ensure a safe and efficient aviation system and its enactment would compromise air traffic control system modernization and airport capacity improvements.

Since 1982, program expenditures have fallen short of authorized levels by about \$1.5 billion. The Administration's budget request would result in program cuts of another \$700 million, bringing the total shortfall to \$2.2 billion over the five-year legislation. While recommending that user-tax supported programs be funded 30 percent below their authorized levels, the Administration proposes to amend the authorizing statute to permit the funding of \$2.1 billion of FAA Operation and Maintenance costs from the Trust Fund.

ATA strongly opposes this proposal. The funding of FAA Operations and Maintenance from the Trust Fund at the expense of the programs on which the future of our aviation system rely is unacceptable. Trust Fund revenues will exceed \$4 billion in Fiscal Year 1987, more than enough to fund all Trust Fund programs to full authorization levels. The need is clearly identified, and the users are providing the resources to meet the need. ATA urges this committee to appropriate the full authorized program levels.

Facilities and Equipment/National Airspace System Plan

The authorization level for the Facilities and Equipment account for Fiscal Year 1987 is \$1.164 billion. The Administration request of \$825 million is \$339 million, or 30 percent, less than the authorization level. The Administration's request is clearly inadequate, and we urge appropriation of the full authorization amount.

During Fiscal Year 1986 appropriations hearings, FAA indicated that if critical NAS Plan programs were to be carried out on schedule, the cumulative funding deficiencies would have to be resolved, or slippages in major program schedules were bound to occur. And now, Mr. Chairman, the FAA Administrator has publicly stated that the requested Fiscal Year 1987 budget levels will result in the abandonment of the "full funding" approach to FAA budgeting for certain projects, and the

inevitable deferral into the future of major NAS Plan components.

The abandonment of full funding can only have negative consequences for important NAS Plan programs. For example, FAA plans to remove from full funding status in Fiscal Year 1987 such important safety programs as Terminal Doppler Weather Radar and Central Weather Processing, both important for severe weather detection and alert, including low altitude wind shear hazards.

It is widely recognized that the national airspace system must be modernized for it to meet the operational and capacity challenges of the future. We supported the NAS Plan when it was announced by FAA, and we supported the establishment of tax and spending levels adequate to implement it on a timely basis. We continue to support NAS modernization. However, we grow increasingly concerned about potential slippages in the implementation of major components without which safety, efficiency and productivity gains (for both operators and the government) will be delayed. If such major components do slip, as the Fiscal Year 1987 funding request envisions, the financial and technical viability of the NAS Plan, under the present method of funding and management, is clearly in question.

A major element in the NAS Plan that warrants comment is the FAA request for \$72.1 million to continue the Design Competition Phase for the Advanced Automation System (AAS), and for architectural engineering and design of field facilities to accept the Initial Sector Suite System -- the first major hardware acquisition under this program. Automation improvements to the current system are sorely needed to cope with growing demand for ATC system services, to reduce delays currently being experienced in the system, to accommodate future growth and to further improve the level of safety accorded the travelling public.

We support AAS program objectives, believe FAA has adequately provided for testing and control of risks in their acquisition strategy, and the ATA members support FAA's request

for \$72.1 million to continue the design competition phase in Fiscal Year 1987.

In addition to F & E items in support of the NAS Plan, F & E items are needed to enhance the capacity and reliability of the airport and airway system. Last year, ATA presented to this committee recommendations for F & E items, as well as airport projects, to enhance capacity at the so-called 22 Pacing Airports. Considerable progress has been made by FAA and airport operators in this industry-wide effort over the past year. Of the 124 projects recommended by ATA, 27 percent have been funded or commissioned, and another 16 percent have, upon further examination, been found to be not feasible for environmental reasons or not required at this time. Another 39.5 percent are supported by FAA, but funding has not yet been made available.

A major portion of these unfunded projects is represented by \$2.5 million for runway visual ranges (RVRs), which are needed to substantially increase runway capability in adverse weather.

ATA has recommended that RVRs be installed as soon as possible at the following airports:

- | | |
|-------------------------|---------------------------------|
| • Dallas/Ft. Worth (4). | • St. Louis (1). |
| • Chicago-O'Hare (1). | • Miami (3). |
| • Detroit (2). | • Minneapolis-St. Paul (3), and |
| • Ft. Lauderdale (1). | • Pittsburgh (1). |

Proven RVR systems are now in use and are available. ATA has urged FAA to proceed with the funding, acquisition and installation of currently available RVR equipment so that the benefits to the system can be realized as soon as possible.

The primary area of disagreement affecting the remaining 17.5 percent of the ATA-recommended projects involves the need for eight CAT I instrument landing systems (ILS), which would cost approximately \$5.2 million. ATA has strongly recommended that ILS equipment be installed at the following locations:

Boston	Runway 4L
Boston	Runway 22R
Dallas/Ft. Worth	Runway 35L
Dallas/Ft. Worth	Runway 36R

Newark	Runway 11
Newark	Runway 22R
Philadelphia	Runway 9L
San Francisco	Runway 10L

Instrument landing systems enhance safety and improve capacity by providing electronic glide path guidance under all weather conditions. The airlines believe that investment in the additional ILS is fully justified.

Research, Engineering and Development

The Administration has requested an appropriation of \$134 million for R, E & D in Fiscal Year 1987. This request is \$59 million short of the authorized level of \$193 million. That shortfall for one year's funding is nearly as much as the cumulative shortfall of \$76 million which has occurred in Fiscal Years 1983 through 1986. We urge the appropriation of the full authorized amount for R, E & D in Fiscal Year 1987.

Aviation R, E & D is also critical to the future success of airspace modernization. Underfunding R, E & D will detrimentally affect NAS Plan implementation schedules and other FAA programs for increasing airspace and airport capacity, since approximately 90 percent of the R, E & D budget contributes to supporting NAS Plan implementation. For example, without the essential refinement in automation technology for automated en route air traffic control, terminal automation, and data link communications, the full benefit of the Advanced Automation System can never be realized. This phase of NAS modernization is of utmost importance if the aviation system capability is to expand to meet growing air transportation demands.

The constrained Fiscal Year 1987 R, E & D budget request does not include sufficient funds needed to complete important safety research on FAA's Traffic Alert and Collision Avoidance System (TCAS). Although \$4.3 million is included in the R, E & D request to support TCAS development, this funding level is inadequate to complete a timely operational evaluation of limited horizontal maneuvers as an add-on capability to the TCAS II equipment configuration. Airlines need in-service evaluation of this expanded TCAS II capability in conjunction

with the Limited Implementation Program (scheduled for late 1986-88), so that sound decisions can be made on the most appropriate TCAS equipment configuration for installation in airline aircraft. An additional \$9 million in R, E & D funding is needed for this purpose.

Another extremely important area of R, E & D concern is the critical work on explosives detection conducted in the FAA Aviation Safety Program. A number of promising techniques have been identified that could provide the urgently needed capabilities to effectively and efficiently detect explosives in the aviation environment. This important work must not be delayed by lack of funds, and, in fact, must be expedited and implemented as rapidly as possible.

Airport Improvement Program

The Administration has requested \$712 million for AIP in Fiscal Year 1987, \$305 million less than the authorized level of \$1.017 billion. This is the smallest request advanced for airport grants in recent years, and is opposed by ATA. We urge the appropriation of the full authorized amount for AIP in Fiscal Year 1987.

The need for airport capacity enhancement and expansion continues to be indispensable to the future of the aviation system. The Airport Improvement Program is an integral part of efforts to enhance and expand airport capacity, and develop new facilities where needed. The budget request will virtually destroy FAA's ability to make meaningful discretionary grants to airports where safety and capacity projects require more than can be funded solely by entitlement allocations.

Operations and Maintenance

The Administration's budget request for Fiscal Year 1987 would provide O & M Funds for needed safety and security services, and to operate the air traffic control system. ATA agrees that maintaining the operational capability of the air traffic control system is essential. However, certain aspects of the Administration's budget request in this regard are troublesome to us.

Fundamentally, the Administration seeks to fund the operation of the air traffic control system, but underfunds the capital and related research programs which provide for the future safety and capability of the system. The inevitable result will be enormous difficulties in the future as modernization of the airspace and enhancement of airport facilities are delayed or denied. As we indicated before, users are providing resources through the Trust Fund adequate to pay for both current operation needs and future development. We urge this committee to fully fund both of these essential aspects of FAA's responsibilities.

ATA continues to be concerned about the ability of the air traffic control system to meet traffic demands, without the hiring and training programs needed to bring all ATC facilities to required staffing and performance levels. A number of personnel actions should be initiated or continued to accomplish these objectives, including the following:

- retention of retired annuitants,
- retention of eligible retirees,
- use of retired controllers on a part-time basis,
- use of contract instructors at individual centers,
- continuation of the cross-option plan to reassign radar experienced controllers from terminals to seven critical centers,
- hiring of former military controllers through age 40,
- reduction of failure rates at the FAA Academy and during the on-the-job-training cycles at individual facilities,
- acceleration of radar training through priority use of the Radar Training Facility (RTF) at the Oklahoma City Academy and use of the dynamic simulators at the Atlantic City Technical Center,
- acceleration of basic radar training at individual centers through greater use of the Dynamic Simulation Capability,
- an independent evaluation and review of the FAA regions and centers that have failed to achieve

staffing goals to ensure that staffing efforts do not continue to falter.

Also of growing concern are air traffic control facility maintenance personnel levels. The Administration's budget request for facility maintenance of \$761 million will not adequately meet facility maintenance requirements. FAA's personnel target for facilities maintenance under the Fiscal Year 1987 request is 10,038, which is 628 less than the Fiscal Year 1985 level. Further, FAA has indicated that 55 percent of facility maintenance personnel are eligible to retire today. Immediate action to ensure adequate staffing levels now and for the future is urgently needed.

Trust Fund Issues

The Administration has come forward this year, as it did last year, with two controversial proposals that are inconsistent with Congressional intent. First, the Administration proposes to exceed the amount of Trust Fund expenditures allowed in current law for operations. Second, the Administration proposes to eliminate the crediting of interest on Trust Fund balances. We oppose both proposals, and hope the Congress will appropriate based on existing authorizing legislation.

Conclusion

Mr. Chairman, the Administration's Fiscal Year 1987 budget request for FAA ignores the fundamental fact that users are paying more than enough in dedicated taxes to support the authorized, and undeniably needed, Trust Fund program levels. Congress should appropriate the full authorized program levels.

The operations and maintenance needs of the system must also be met, especially for controller and facility maintenance staffing. Current needs should not be met by shortchanging essential investment in the future of the aviation system. Trust Fund resources are available to meet all these needs, and we urge this committee to make those resources available for their intended purposes.

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

STATEMENT OF MORRIS SLOANE, DEPUTY DIRECTOR, AVIATION DEPARTMENT, PORT AUTHORITY

Senator LAUTENBERG [presiding]. The subcommittee will reconvene. Mr. Sloane, and Mr. Reilly, welcome. It is a pleasure for me to see former colleagues from the port authority. Mr. Morris Sloane is deputy director for the Port Authority of New York and New Jersey. And, as a former commissioner, I know how important the job is of maintaining air safety and security at the airports operated by the port authority.

Newark, LaGuardia, and Kennedy airports, alone, serve 78 million passengers a year and I am told, Mr. Sloane, that you are accompanied by Mr. J. Donald Reilly, airport operators counsel. I welcome both of you. I am pleased to see you here, and look forward to hearing your testimony.

As you know, particularly Mr. Sloane, I sat for several years on the port authority, and have a great interest in airport operations. Since I have been in the Senate, some 3 years now, we have been dealing with questions of air safety and transportation generally. I have had a history of committee assignments that stay very close to the transportation issues, particularly air safety.

I enjoy the issues. I think that we have an obligation to ensure the traveling public that we are doing whatever we can to assure safe and efficient operation of our transport systems. The port authority's role is a very significant one because of the volume of traffic that passes through the port authority's facilities, and because of the centerpoint role which the New York region has in the volume of traffic that exists up and down our east coast.

So, I am pleased, again, Mr. Sloane, to hear your testimony; abbreviate it as much as you can. The full text will be in the record, so if there is anything that you want that you cannot get in, it will be in the record.

Mr. SLOANE. Thank you, Senator Lautenberg. Mr. Chairman, and members of the subcommittee, as Senator Lautenberg mentioned, the port authority operates Kennedy, LaGuardia, and Newark International airports. In 1985, these airports served over 78 million passengers.

Port authority is greatly concerned over the grave situation facing the Nation's airports and their airway systems. The ongoing problem of underfunding the development of airports and their supporting airways systems is now compounded by the drastic budgets mandated by the Gramm-Rudman-Hollings law. The situation bodes ill in our opinion for the safety of our national aviation system and the development of airport capacity needed to meet the growing demands on both systems.

In our particular area, we have a number of problems that can be identified that if not properly funded can result in adverse reductions in the capacity of airspace supporting our airports and the degradation of the margin of safety for those using our airports.

A prime example of what could happen is the current thinking on the detection of wind shear. Wind shear is the change in wind speed and/or wind direction in a short distance, which results in the tearing and shearing effect, and resulting in horizontal or vertical direction; occasionally, in both horizontal and vertical direction simultaneously.

Its most destructive form is the microburst which can create nearly instantaneous air speed losses of as much as 115 miles an hour, during the most critical phases of airport operation, landing and takeoff, which is when it normally happens.

Wind shear has been the cause of a number of aircraft accidents in the past 2 years, the most recent, the Delta aircraft accident at Dallas/Fort Worth, in 1985. In our area, it caused the crash of the Eastern Airlines Flight No. 66, in June 1975. That tragedy took the life of 112 people.

Two accidents attributable to wind shear have been reported recently at LaGuardia. In both of these accidents, the aircraft were damaged, but fortunately, no lives were lost.

Since the early 1970's when it was identified as a significant cause of aircraft accidents, the FAA has been conducting an active research program on wind shear. They have cited the terminal Doplar radar as the most effective means of identifying both microbursts and shear in both clear, dry, and moist climates.

The FAA has also indicated that this type of equipment should be on or near a concerned airport to be effective. In spite of that conclusion, they have proposed only one radar system for both LaGuardia and Kennedy and none for Newark.

These airports are 11 miles away and we don't think that radar could effectively cover both airports. The FAA itself located an existing model about 18 nautical miles northwest of the Denver airport. At that distance, the radar could not view the airport areas at altitudes below 1,300 feet.

The National Transportation Safety Board report on the Eastern accident indicated that the aircraft speed at 400 feet, well below the 1,300 feet that you could view if the Doplar were not at or near an airport, is when the shear occurred, and that the speed of the aircraft better than doubled very quickly. Unless Doplar is located on or near an airport, it will not provide any protection.

As you mentioned before, ours are among the most busiest in the world. During the past 3 years, the movements increased from 946,000 in 1983, to 1.6 million in 1984, and passenger volume during this same period of time increased from 64 to 78 million passengers.

Because of the high volume of our airports, we feel that a Doplar system should be provided at each of our airports. This was originally recognized by the FAA, however, because of OMB involvement they have now eliminated two of the three.

Another area of great concern is airport, airspace capacity. We have been working with the FAA in recommending methods to improve airport and airspace capacity. While some progress has been made, one

particular area, wake vortex avoidance, almost nothing has been done. And if you cut money, this will be placed further on the back burner.

This is an area which could provide substantial increase in capacity both in the airspace and on the ground. As you know, each airplane generates a wake while in flight. The vortexes from large aircraft pose problems for trailing aircraft. These can cause the trailing aircraft to roll and cause damage to both aircraft components and equipment if encountered at close range.

The development of this kind of a system will permit an increase in airport capacity by allowing a reduction in the separation standards; without the system, the controllers always assume the worse and separate aircrafts by as much as 6 miles.

In fact, an industry committee that met in the New York area in 1979, found that a first generation wake vortex avoidance program, if installed at LaGuardia, would have had annual savings of \$8 million in reduced delays in 1982, and that would have been increased to \$71 million in 1987, and that at Kennedy, it would have been a savings of \$98 million in 1982, increasing to \$454 million annually in 1987.

I am sure this kind of increase would also be available at many other major airports around the country.

Another area of concern on the cut in the budget is that we have major problems in the area with congested airspace. We have been working with the FAA on an east coast plan. They have now expanded it to include distances as far away as Dallas and Miami. The four goals, new airways, realignment of old airways, increased air routes, both for departure and arrival, and more high altitude arrival and departure and faster climbs, thus increasing arrival and departure routes in the area.

This new plan improves safety as well as speeds traffic and reduces delay. FAA staff advises that the implementation of the plan may be delayed because of funding. Another major area that we are all concerned about is the microwave landing systems.

These provide guidance for exact alignment in the descent of aircraft on approach to and landing on the runway. They provide various information to the pilot which allows him to come in on curved approaches. They have the capability of fulfilling a variety of needs, both on landing, departure, missed approaches and departure of the flights.

A report by the Mitre Corp. showed that the curved path capability of MLS could contribute major benefits to all of our airports and to many major airports around the country.

We, therefore, ask that the development of the total MLS system be pursued urgently. We believe that additional resources must be committed to assist MLS to reach its full potential as soon as possible.

Mr. Chairman, we have used this opportunity to point out some of the programs that could assist in efforts to increase capacity, reduce delays, as well as improve safety for those operating into our areas. We support AOCI's views in these important matters, and particularly to keep the AIP authorization at the approximate \$1 billion level called for in the enabling legislation.

In conclusion, the port authority strongly urges you to assist the entire aviation community in meeting the mandates placed upon by the members of the traveling community to provide an aviation system free of delays, with capacity and safety that has become synonymous with our industry.

I would be happy to answer any questions that you have.

[The statement follows:]

STATEMENT OF MORRIS SLOANE

Mr. Chairman and Members of the subcommittee, I am Morris Sloane, Deputy Director of Aviation for the Port Authority of New York and New Jersey. I am appearing today with J. Donald Reilly, Executive Director of the Airport Operators Council International who will offer comments on behalf of his organization. The Port Authority operates John F. Kennedy International, La Guardia and Newark International Airports. In 1985, our airports served 78 million passengers, an increase of 5.6 percent over 1984's level, and handled over one million aircraft operations.

The Port Authority is greatly concerned over the grave situation facing the Nation's airports and airway system. The on-going problem of under-funding the development of airports and their supporting airway system is now compounded by the drastic budget cuts mandated by the Gramm-Rudman-Hollings Law which are reflected in the Federal Aviation Administration's (FAA) Fiscal Year (FY) 1987 budget request. The situation bodes ill for the safety of our National Aviation System and the development of airport capacity needed to meet the growing demands on both systems.

In our area, we note that a number of problems can be identified that, if not properly funded, will result in adverse reductions in the capacity of the airspace system supporting our airports and a derogation in the margins of safety for those using our airports.

A prime example of safety derogation is noted in the current thinking on the detection of wind shear.

Wind Shear (Doppler Radar)

Wind shear is a change in wind speed and/or wind direction in a short distance which results in a tearing or shearing effect. It can exist in a horizontal or vertical direction and occasionally in both the

horizontal and vertical directions simultaneously. Its most destructive form is the "microburst" which can create nearly instantaneous airspeed losses of as much as 115 miles per hour, during the most critical phases of aircraft operation - landing and takeoff.

In addition to the dire consequences resulting from wind shear accidents, microbursts are a particularly severe problem for detection and avoidance because of their short life times and small size. They can be invisible to the flight crew and, as such, very difficult to avoid. Today's meteorological forecasts are of little use for predicting microburst's random occurrence and location.

Wind shear has been the cause of a number of aircraft accidents in the past few years. The most recent was the Delta accident at the Dallas/Fort Worth Airport on August 2, 1985. In our area, it caused the crash of Eastern Airline Flight 66 on June 24, 1975. That tragedy took the lives of 112 people. Two accidents, attributed to wind shear, have been reported recently at La Guardia Airport. In both of these accidents the aircraft were damaged but fortunately, no lives were lost. Specifically, on July 28, 1982, a TWA B-727 upon landing experienced wind shear and suffered minor damage; on December 28, 1983 a Continental B-727 was not as fortunate and as a result of landing in a wind shear situation suffered substantial damage.

Since the early 1970's, when it was identified as a significant cause of aircraft accidents, FAA has conducted an active research program on wind shear. The agency has cited Terminal Doppler Radar as the most effective means of identifying microburst wind shear in both clear/dry and moist environments, primarily at low altitudes in terminal areas, the area of the highest risk. FAA points out in its "Aviation Weather System Plan" that wind shear detection requires Doppler Radar capability with a fast update rate (real time information) along with automated hazard detection.

Further, to quote FAA, "terminal approach/departure area coverage necessitates siting the radar near or on a concerned airport."

In spite of the above conclusion, we note that FAA now proposes to allocate only one radar system for both La Guardia and Kennedy, and none for Newark. The one radar to be used for the two airports would be located somewhere between them. These airports are 11 miles apart, and we doubt that one radar could effectively cover the two airports. Because the heights of the buildings and other terrain features, it would be extremely difficult to site one radar between Kennedy and La Guardia that would provide the low altitude coverage needed to detect microbursts.

FAA itself has identified problems with detecting microbursts at low altitudes from a distant location. An article in the August 19, 1985 issue of "Aviation Week and Space Technology", reports that FAA located an existing model of the Doppler Radar, 18 nautical miles northwest of the Denver Airport. At that distance, the radar could not view the airport area at altitudes below 1300 feet above the ground. We would like to point out that the National Transportation Safety Board report of the Eastern Airlines Flight 66 accident states, "Eastern Flight 66 (a B-727) then was passing through 400 feet, and its rate of descent increased from an average of about 675 feet per minute (f.p.m.) to 1500 f.p.m." Therefore, it must be concluded that Eastern 66 encountered wind shear at or near 400 feet, much lower than the ability of the radar to detect microbursts located some distance from the airport as is the case at Denver. We mention the above to emphasize the necessity that Doppler Radar be located on or very near the airport it is to protect.

Ours are among the three busiest airports in the world and activity continues to grow. During the past three years, the airports have accommodated the following numbers of aircraft movements.

	<u>1985*</u>	<u>1984</u>	<u>1983</u>
Kennedy	338,622	360,559	342,139
La Guardia	367,256	362,124	340,419
Newark	<u>400,204</u>	<u>355,503</u>	<u>263,925</u>
TOTAL	1,106,082	1,078,186	946,483

(* fiscal year)

These movements served passenger volumes in millions as follows:

	<u>1985</u>	<u>1984</u>	<u>1983</u>
Kennedy	29.0	29.9	27.9
La Guardia	20.5	20.3	18.8
Newark	<u>28.6</u>	<u>23.7</u>	<u>17.4</u>
TOTAL	78.1	73.9	64.1

Because of the high volume of movements and passengers using our airports, we believe it is imperative that each of the airports, Newark, La Guardia and Kennedy, be provided with a Doppler Radar system to maximize the protection afforded all who use these airports. This need was originally recognized by FAA in that they had originally projected three such installations here. It was only after OMB intervention that the number of projected installations was reduced; the need remains as high as ever.

Airport/Airspace Capacity

The Port Authority takes pride in participating with the FAA and the rest of the aviation industry in studying and recommending methods to improve airport and airspace capacity. While progress has been made, one major potential program - wake vortex avoidance - is lying dormant with no effort being expended to press it forward despite its value in increasing airport

capacity. We are sure that current budget constraints will place it much further on the "back burner". All who have investigated any facet of airport capacity agreed that a reduction in the separation required by the wake vortex phenomena will permit significant increase in airport capacity.

Every airplane generates a wake while in flight. Initially, when pilots encountered this wake in flight, the disturbance was attributed to "prop wash". It is known, however, that this disturbance is caused by a pair of counter rotating vortices trailing from the wing tips. The vortices from large aircraft pose problems to trailing aircraft. For instance, the wake of these aircraft can impose rolling movements exceeding the roll control capability of some aircraft. Further, turbulence generated within the vortices can damage aircraft components and equipment if encountered at close range.

Wake Vortex Advisory/Avoidance System

The development of a wake vortex advisory/avoidance system will permit an increase in airport capacity by allowing for a reduction in in-trail separation standards. Without the system, controllers must assume that wake vortices are always present and are required to separate aircraft by as many as six miles in-trail. When the system is developed and installed, an increase to the maximum amount of separation will only be required when wake vortices are actually present. Additionally, the AOCI/Industry Capacity Task Force made this issue number one on their agenda of items to be solved. Locally, the New York Airports Improvement Task Force, which completed its work in 1979, found that if a "first generation" Wake Vortex Avoidance Program had been installed at La Guardia, potential annual savings in delay reductions of over \$8 million in 1982 dollars would have been realized. If an the ultimate Wake Vortex Avoidance System were to be installed at La Guardia, potential annual savings of in excess of \$71 million with the 1987 demand forecast could be possible. At Kennedy, the "first generation" system would have resulted in annual savings of \$98

million in 1982 dollars and the ultimate system would save those operating at Kennedy \$454 million annually, using the 1987 forecast. I'm sure that similar savings would be realized at other airports if the Wake Vortex Systems were developed and installed.

East Coast Plan

FAA, particularly the Eastern Region, is involved in a number of projects to expand the available airspace and reduce delays to those aircraft operating to and from our airports. The East Coast Plan, well into the development phase by the Eastern Region, is a major modification to the air traffic control system. It has grown to be known as the Expanded East Coast Plan because it now includes procedures covering areas as far west as Dallas and as far as south from our area as Miami.

What got the plan started was the urgent need to relieve the congested airspace in the New York areas. Its goals:

- New airways
- Realignment of old airways
- Increase arrival routes by 65% and departure route by 35% from the four major New York airports.
- Changes in procedures which will allow more high altitude arrivals and permit faster climbs as well as increasing the number of arrival and departure routes in the New York Terminal area.

Total effect of these changes will reduce the number of route crossings. This should improve safety as well as speed traffic and reduce delay.

FAA staff advises that the implementations of the plan may be delayed because of funding. We should point out that FAA has made strides

in reducing delay in the past year by implementing a number of well thought out programs. Most of these programs are being or have been implemented. Delaying the East Coast Plan will not allow the capacity of either the airspace or airports to keep pace with the demands being made upon the entire system.

Microwave Landing System (MLS)

The MLS provides precision navigation guidance for exact alignment and descent of aircraft on approach to and landing on a runway. It provides azimuth and elevation angle guidance and range information -- all of which is interpreted by the aircraft receiver to determine the aircraft's position. An associated feature, Distance Measuring Equipment (DME) provides range information, and is normally collocated with the MLS.

The MLS has the capability to fulfill a variety of needs in the transition to approach, landing, missed approach and departure phases of flight, for example: curved and segmented approaches with selectable glide path angles; accurate 3-D positioning of the aircraft in space; and the establishment of boundaries to ensure clearance from obstructions in the terminal area. While many of these capabilities are available to any MLS equipped aircraft, the more sophisticated capabilities (such as curved and segmented approaches) are dependent upon the particular capabilities of the airborne equipment. It should be noted that all this additional capability can be gained without the increase in personnel usually associated with these types of improvement.

It is the latter feature that would be the most useful to the total aviation community and those living near airports.

A report by the Mitre Corporation shows that the curved-path capability of MLS could contribute the following benefits to our area alone: increases the capacity at La Guardia Airport during IFR and marginal VFR conditions, reductions in airport noise exposure over

populated areas around Kennedy and La Guardia, reductions in delays at La Guardia and savings in operating costs for airlines by terminal route length reductions.

We, therefore, ask that the development of the total MLS system, particularly the curved-path capability, be pursued urgently. We are aware that the development of software to support the full development of MLS has been slower than originally expected. We believe, then, that additional resources be committed to assist MLS to reach its full potential.

We have used this opportunity to point out some of the programs that could assist in efforts to increase capacity and reduce delay as well as improve safety for those operating in our area. You may be aware that we are members of the Airport Operators Council International (AOCI). AOCI testified on April 25, 1986, before the House Appropriations Committee. In that testimony, as they will today, the association made appeals for the full funding of the Airport Improvement Program, and substantial funding for various airport research and development programs. We support AOCI's views in these most important matters, and in particular, to keep the AIP authorization at the approximate \$1 billion level called for by the enabling legislation.

In conclusion, the Port Authority strongly urges you to assist the entire aviation community in meeting the mandates placed upon it by all members of the traveling community to provide an aviation system free of delay, with the capacity and safety that have become synonymous with our industry.

I would be glad to respond to your questions.

AIRPORT OPERATORS COUNCIL INTERNATIONAL

STATEMENT OF J. DONALD REILLY, EXECUTIVE DIRECTOR

Mr. REILLY. It will very brief. I support the comments that have been made by Mr. Sloane, prior to me. I would like to mention for the committee's information, that the \$19.5 billion airport capital needs for airport in the 5 years, 1986 through 1990.

The AIP Program plays a critical role in providing the seed money for airports, in order to undertake the safety and capacity development needs that is so pervade the industry today.

To meet these basic airport safety needs requires an annual \$1.3 billion AIP Program. These moneys, paid for by the special tax on aviation uses are already available as surplus funds in the trust fund. The FAA already has posted a backlog of over \$3 billion in airport safety capacity requests from airports.

Very briefly, as you know, in 1986, our funds were cut back for airport safety capacity development alone, from the \$1 billion that Mr. Sloane mentioned, down, including the \$43 million now asked by the DOT, to around \$800 million. In fiscal year 1987 it will be even worse. Our \$1.01 billion AIP Program has now been brought down to \$712 million.

Mr. Chairman, as I mentioned before, the users of the system, volunteered to go forward and pay the taxes on the basis that these moneys would be used for airport and airway capacity improvement. You know, in no year has the AIP Program ever been funded to the extent authorized.

Airport management cannot build a national airport system on totally unreliable shifting sands of demonstrated AIP funding program. A reliable program must be developed.

Mr. Chairman, we urge your prompt and total support for full AIP Program.

Mr. Chairman, in closing just let me mention that I have served as the chairman of the industry task force on Airport Capacity Improvement and Delay Reduction. This is a broad group of 22 representatives from all segments of the industry. With your kind permission, sir, I have asked that the statement of that group be submitted. The bottom line of that, Mr. Chairman, is that we are looking for \$15 million in new R&D money in fiscal year 1987, a separate airport R&D item, to undertake many critical innovations and concepts that this group has developed in conjunction with FAA.

We hope you have a chance to read that statement.

[The statement follows:]

STATEMENT OF J. DONALD REILLY

I am J. Donald Reilly, Executive Director of the Airport Operators Council International (AOCI). AOCI is the association of the governmental bodies that own and operate the principal airports served by scheduled airlines in the United States, as well as in many countries abroad. Our U.S. member airports annually enplane more than 90 percent of the domestic and virtually all of the U.S. international scheduled airline passenger and cargo traffic. In addition, our local government members operate many reliever and other general aviation facilities which supplement the larger airports in their communities and regions.

On behalf of our U.S. members, we appreciate the opportunity to appear before the Subcommittee to urge full funding of the Airport Improvement Program (AIP) at the authorized level of \$1.017 billion for fiscal year 1987, the last year under the Airport and Airway Improvement Act of 1982.

We also wish to bring to the Subcommittee's attention the critical need for funding of Airport Research and Development projects - estimated to be \$5.8 million in FY 86 and \$15.5 million in FY 87 - which is discussed later in our testimony.

As we approach this final fiscal year under the AIP program and begin to look toward its reauthorization we must all be concerned over the grave situation facing the nation's airport and airways system. The on-going problem of underfunding for development of the airport and airways system is now compounded by the stark reality of more drastic budget cuts mandated by the Gramm-Rudman-Hollings law and reflected in the administration's inadequate FY 87 budget request. This situation bodes ill for the safety of our national aviation system and the development of airport capacity needed to meet the growing demands on the national system.

In 1982, aviation users were told by Congress and the administration that if they agreed to pay increased levels of taxes to a federal Airport and Airway Trust Fund, they would be assured of specific and dedicated

expenditures for airport and aviation facility improvements that all agreed were necessary. As we all know, the Congressionally authorized levels that were established for the Airport Improvement Program at that time have never been met throughout the existence of the program. Significant underfunding has occurred in the Facilities & Equipment and Research, Engineering & Development programs as well. Congress and the administration have failed to live up to the commitment made to the aviation users and industry.

AIRPORT IMPROVEMENT PROGRAM FY 86 REDUCTIONS

Since the inception of the Airport Improvement Program, funding levels have already fallen \$400 million short of the authorization levels. Funding for the airport grants program was cut back by 9 percent in the FY 86 Continuing Resolution from the \$1.017 billion authorization level, leaving \$925 million, the same level as in FY 85. Then, on March 1 of this year, that level was further reduced by \$40 million (4.3%) to \$885 million as a result of Gramm-Rudman-Hollings. The brunt of those cuts will be felt in the discretionary program, which will suffer a 17% reduction, from approximately \$129.4 million to \$106.6 million. Cuts of this magnitude will seriously jeopardize needed safety and capacity projects at many airports.

The FAA will be hard pressed to award discretionary grants to those airports having the greatest need for pressing capacity enhancement projects. Many airports rely on the discretionary program to provide funds for safety and capacity enhancement projects, particularly where entitlement funds are insufficient. Those airports which had commitments for FY 86 are now faced with the choice of delaying or abandoning those projects.

ADDITIONAL FY 86 AIP CUTS FOR FAA SUPPLEMENTAL REQUEST

Now airports are faced with the possibility of another reduction in AIP grants of \$43.7 million which DOT intends to use to cover over half of its supplemental funding request for FAA operations expenses. FAA has informed airport sponsors that 4.9% of their FY 86 entitlement funds will be withdrawn in anticipation of Congressional authority to transfer those monies in the Supplemental Appropriations bill.

If Congress approves this reduction and transfer, the airport grants program will suffer a greater cut than it has already under Gramm-Rudman-Hollings, while other DOT/FAA programs escape further reductions. Airports are willing to contribute their fair share towards reducing federal deficits, but we submit that airports have already paid their dues in each and every appropriation that has cut back the AIP program expenditures. The airport program is paying far more than its fair share under Gramm-Rudman.

While we recognize the serious budget constraints facing FAA and the need for supplemental funding, it is inappropriate and ill-advised to take monies from AIP -- which may jeopardize important airport safety and capacity projects offering long-term system benefits -- in order to reduce the budget impact on FAA operations, 75 percent of which are personnel costs. AOCI strongly objects to this transfer and urges Congress not to authorize it.

We commend the members of the House Appropriations Committee for taking the proper action in approving the FAA's request in the Supplemental Appropriations bill (H.R. 4515) but with new money, rather than raiding the already constrained AIP program. AOCI urges the members of this Subcommittee and the full Senate Appropriations Committee to act accordingly.

ADMINISTRATION'S FY 87 BUDGET REQUEST

As serious as the reductions for FY 86 are, it appears that airports face even deeper problems for the administration's fiscal year 1987 budget would further decimate the Airport Improvement Program. The \$712.5 million request for AIP would fall \$305 million short of the authorized level for FY 87, leaving the five-year AIP program underfunded by over \$700 million. It would represent a 23% reduction from the \$925 million funding level provided in the Continuing Resolution for FY 86. The entitlement program, by formula, would be cut 20% in FY 87 to \$356 million, while discretionary funds would suffer a 36% reduction to \$83.3 million. It is clear from FAA statements that while FAA may be able to continue essential airport safety projects at that level, projects to

increase airport capacity will be curtailed. The FAA already has a backlog of \$3 billion in eligible airport construction grant applications that have not been funded.

The F & E and R, E & D budgets would be similarly reduced in the administration's request to 30 percent below their authorized levels. Such cuts could have serious consequences on the National Airspace System modernization plan, and R & D essential to airport and airspace capacity and safety improvements.

While proposing dramatic reductions in these Trust Fund programs, the administration's FY 87 budget would further erode public confidence in the Aviation Trust Fund by taking some \$2.1 billion from its capital programs to help cover FAA Operation and Maintenance costs.

Aviation users would thus shoulder the greatest share of FAA operation expenses and witness their user taxes being diverted from the purposes for which they were dedicated.

Because Congress and the administration have seen fit to arbitrarily reduce user tax spending for capital development needs over the years, and have thus allowed obscene surpluses to accumulate in the Trust Fund, those funds would now be diverted to unintended purposes. AOCI strongly opposes such misuse of the Trust Fund. We also oppose the administration's attempt to eliminate interest payments to the Trust Fund which have been earned on its balance, and to eliminate the "penalty provisions" which tie Trust Fund spending for operations to capital spending levels.

AVIATION TRUST FUND MUST BE TAKEN "OFF-BUDGET"

While we would all agree that every effort should be made to assure that safety is not compromised, it is ludicrous that we find ourselves in the situation where the airport program is being "cannibalized" by DOT, when the resources necessary to fully meet aviation and airport needs are available in the Aviation Trust Fund. The level of aviation user taxes is not the problem; they are contributing fully sufficient funds for the

Trust Fund. The dedicated user taxes generate some \$4 billion a year for the Trust Fund. At the end of fiscal year 1985, the Trust Fund had accumulated a cash balance of \$7.7 billion and an unobligated cash balance of \$3.3 billion -- and it is still growing. Trust Fund programs are fully self-financing and have contributed not one cent to the federal deficit.

Yet the surplus has become a tool for federal deficit reduction purposes.

The need is there, the money is there, but what is lacking is the federal government's resolve to spend Trust Fund monies and fully fund its programs. The only way we believe this can be assured is by Congress recognizing that Trust Fund programs do not contribute to the deficit and removing the Trust Fund from the unified federal budget. Further, these programs must be protected from the inappropriate and unacceptable Gramm-Rudman-Hollings reductions. This action is absolutely essential to restore the integrity of the Trust Fund and assure full funding of the vital aviation programs for which user taxes have been dedicated.

AIRPORT DEVELOPMENT CRITICAL TO AIRSPACE EXPANSION

The need for expanded airport facilities for safety and capacity has been well recognized. The FAA's National Plan of Integrated Airport Systems (NPIAS) projected AIP-eligible development needs for commercial service airports of \$12.3 billion for the ten-year period 1984 - 1993, of which about \$6 billion will be needed to enhance system capacity. AOCI estimates that total development costs at these airports is close to \$27 billion over that same period. AOCI's own survey for the five years from 1986-1990 reveals capital development needs of \$19.4 billion. The AIP program plays a critical role in airport development and contributes about \$1 for every \$3 of eligible airport safety and capacity capital financing. To fully meet needs of such magnitude over the next five years will require nearly \$1.3 billion in federal grants annually.

The federal commitment to modernize and expand the national airspace and navigation system makes it critically important that airport development needs be met concomitantly. Development and expansion of the airspace

and airport systems must go hand in hand. The nation can forget about using its expanded airspace system unless adequate resources are made available to increase airport capacity. Airports can barely handle today's air traffic demand -- as evidenced by the growing number of airports operating at or above capacity limits -- and the FAA projects passenger enplanements (air carrier and commuter) will increase dramatically from 400 million currently to over 700 million by 1997. According to the FAA's recent Airport Capacity Enhancement Plan, eleven airports were seriously congested in 1984, and 22 airports (which account for over 55 percent of air carrier enplanements) will become seriously congested by 1995 unless their capacities are increased.

The inextricable problems of aviation safety and capacity will only be compounded by underfunding of the airport program. The importance of safe and adequate airport facilities should not be underestimated; they are a critical link in the overall air transportation network.

AIRPORT RESEARCH AND DEVELOPMENT FUNDING NEEDS

The lack of airport capacity is a root source of today's aviation congestion and delay problems. This will become even more painfully evident as the national airspace modernization program comes on line. Thus, while airports are a major cause of congestion and delay today, as more airspace capacity becomes available airport capacity shortfalls will grow dramatically and contribute to increasing delays and prospective safety problems.

The cost of delays is exorbitant: the FAA estimates delay costs in 1984 for passengers and airlines was over \$4 billion, a 73 percent increase over 1982, and the situation will only get worse.

A number of technological innovations are available which could offer immediate short-term and longer term benefits for airport capacity enhancement. Many of these have evolved from an Industry Task Force on Airport Capacity Improvement and Delay Reduction assembled by the FAA in 1982. The Task Force, with the full support of Administrator Donald Engen, has identified and developed many capacity initiatives, among

them: reduced aircraft in-trail separation, independent and simultaneous IFR approaches to converging runways, use of short runways and triple parallels, terminal airport automation, and improved runway pavement techniques and materials.

Approximately \$600 million (nearly 60 percent) of annual AIP grants to airports is devoted to pavements and related construction. When one considers the expenditure of additional local and state funds (including maintenance), approximately \$2 billion per year is spent annually on pavements. Over the next 15 years, the amount spent for pavements could rise to about \$3 billion per year because of increased use and higher performance aircraft at congested airports. Substantial cost savings can be realized with only modest assumptions as to possible yields from an effective research program directed at the \$4 billion (pavements as well as other capital, operational and maintenance expenditures) spent annually on airports.

In addition to the potential reduction in pavement costs, savings will also accrue through reduced delay costs and reduced operating costs. It is estimated that airline ground delay operating costs average about \$25 per minute per aircraft. Construction, maintenance, and rehabilitation activities during periods of heavy demand are estimated to involve system delay costs of approximately \$250 million annually. Using modest probabilities for cost reduction, potential savings to users in delay costs of about \$20 million annually can be visualized. These combined savings (construction and delay) can amount to more than \$220 million annually -- in addition to improved safety.

What is needed to further develop and implement these innovations are airport research and development funds. Airport R & D needs have taken a back seat to airspace R & D needs, and practically no R & D monies have been expended for airport capacity improvements. We urge funding for these airport capacity enhancement projects through a new, separate "Airport R & D" line-item in the FAA budget.

The Industry Task Force estimates total airport R & D funding needs of \$5.8 million in FY 86, \$15.5 million in FY 87, and \$19.5 million in FY 88

and 89. These funds are desperately needed to further research, simulate, demonstrate and implement the Industry Task Force recommendations, including procuring high accuracy radar sensors and computer needs associated with the recommendations. We are not asking for funds that do not exist, but that funding be made available from the \$3 billion-plus uncommitted aviation trust fund surplus. Implementation of these recommendations will produce high pay-offs in providing the absolutely essential increased airport capacity and safety needs of the 1980s and 1990s.

We request your urgent attention to this pressing need and your support for a separate Airport R & D line-item to assure the necessary funding.

CONCLUSION

In conclusion, Mr. Chairman, AOCI strongly urges Congress to reject the administration's FY 87 budget request for the Airport Improvement Program and other Aviation Trust Fund-financed programs and live up to its commitment to aviation needs. The Appropriations Committee should approve the full authorization level of \$1.017 billion for the Airport Improvement Program, and also provide funding requested for Airport Research & Development. Thank you.

INDUSTRY TASK FORCE ON AIRPORT CAPACITY IMPROVEMENT AND DELAY REDUCTION

A lack of airport capacity is the root-source of today's aviation congestion problems. This will become even more evident as the national air space program comes on line. Thus, while airports are a major cause of congestion today... as more capacity is provided in the air through the new air space program... the airport short falls will grow dramatically as the bottleneck of civil aviation delays and prospective safety problems, both in the short and long term.

This situation is critical and must be addressed by Congress now. What is needed are airport R and D funds.

There exist today a number of technological concepts which can be

introduced in the short term to enhance immediate airport capacity. There are also various technological concepts that exist to provide larger increases in airport capacity in the longer term.

A number of these concepts have evolved from an Industry Task Force on Airport Capacity Improvement and Delay Reduction, assembled by FAA in 1982, and which presented its first report to FAA on September 29, 1982. Since that time the Industry Task Force has held numerous meetings further refining its airport capacity improvement recommendations for the FAA.

The FAA, through Administrator Engen, has been very supportive and generously active in this Task Force effort. But because of miniscule R and D funds for airports, progress has been tortuously slow.

This crying need deserves -- and demands -- Congress' immediate attention. On behalf of the Task Force and its members, who constitute a cross-section of all major segments of the industry, we ask for your support and action to provide the necessary R & D funds for the programs described in this statement. And we are not asking for funds that do not exist. We ask for funding from the three-billion-dollar-plus uncommitted aviation trust fund surplus that already exists and is lying fallow.

These funds are needed to further research, simulate, demonstrate and implement the industry agreed to Task Force recommendations, including high accuracy radar sensors and computer needs associated with the recommendations.

These Task Force concepts will produce high pay off in providing the absolutely needed increased airport capacity and safety needs of the 1980s and 1990s. Without the funding of these needs the relative chaos we experience today at many of our major airports will spread dramatically, compromising the nation's civil aviation system and impacting safety.

Total aircraft operations at the top thirty-nine U.S. airports are forecast by FAA to rise by one-third in the 1980s and, assuming no change

in the existing capacity of these sites, average delay per operation may grow by as much as 47 percent.

Valuing delay at 1980 unit costs and extrapolating to a total system basis, air carrier delays would have an upper bound cost of \$2.7 billion per year by 1991. The combined effect of increased operations and increased average delay could be to increase systemwide air carrier delays up to 39 percent.

Eleven of the top 39 airports are constrained according to FAA forecasts and eight additional airports have high projected ratios of use-to-capacity. Congestion at these 19 airports -- which account for over 51 percent of air carrier enplanements -- could, alone, degrade the overall capacity of the national transportation system according to existing FAA projections.

The number of aircraft operations are forecast to grow from 134 million in 1980 to 290 million by the year 2000, a 116 percent increase.

Domestic enplanements are forecast to increase for air carriers from 278 million in 1980 to 590 million in 2000, a 112 percent increase; while over the same period the number of commuter passengers will grow from 13 million to 42 million, a 220 percent increase.

Between the year 1980 and 2000 the air carrier fleet will increase from 2,400 to 3,400 (42 percent), the commuter fleet from 1,600 to 4,500 (175 percent), and the number of general aviation aircraft from 210,300 to 408,500 (94 percent).

Forecasts by FAA indicate that the number of airports with severe airside congestion, alone, will be as follows:

<u>Year</u>	<u>Air Carrier</u>	<u>Commuter</u>	<u>Reliever</u>	<u>General Aviation</u>	<u>Total</u>
1981	8	--	3	--	11
1985	11	1	7	--	19
1990	23	5	11	2	41
2000	46	9	29	7	91

While the Task Force continues to further develop and cost-out various concepts, the following are immediate, documented airport R and D funding needs:

1. Reduced Aircraft Longitudinal Separation

To safely reduce spacing between aircraft in-trail while approaching to land. Dependent on airport flow and configuration this can add one to six flights per hour.

<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
150,000	160,000	170,000	180,000

2. Independent Parallel IFR Approaches at Reduced Spacing

With today's technology it is possible to safely reduce spacing between parallel runways from the current 4,300 feet to as low as 3,000 feet, thus providing airports the opportunity to construct new runways on present airports. The spacing and purchase of an appropriate radar with higher resolve is imperative to early implementation of this program.

<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
1,000,000	8,000,000	8,000,000	8,000,000

3. Independent IFR Approaches to Converging Runways

Many airports will benefit from the introduction of independent aircraft operations to existing converging runways. Effort is needed to develop the procedures, establish the requirements and validate the methods for enhanced operating minimums.

<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
300,000	300,000	4,000,000	4,000,000

4. Use of Short Runways and Triple Parallels

In order to conduct FAA analysis of optimum application of Mode S, MLS and sensor technologies to introduce shorts and triples for enhanced airport capacity.

<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
200,000	--	--	--

5. Data Research

To undertake data collection research on pilot reaction to

missed approaches for establishing procedures for closely spaced parallels and converging runway operations.

<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
500,000	250,000	--	--

6. Terminal and Airport Automation

To undertake parametric studies to establish optimum methods of terminal and airport automation.

<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
300,000	300,000	--	--

7. Computer Modeling

While the FAA is providing funds to upgrade the ADSIM computer model which addresses detailed airfield capacity options, funding is needed for:

SIMMOD - an airport air space computer model which analyses air space options to enhance capacity.

<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
305,000	--	--	--

Joline "Airport Machine" - an airport display computer which provides quick "first-look" evaluations of specific airport capacity options.

<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
950,000	860,000	690,000	720,000

8. Local Airport Capacity Task Forces

Funding to support the cost of local airport capacity task force (FAA, airport, and local aviation users) to examine, evaluate and introduce local capacity enhancements after computer simulations, at an average cost of \$160,000 per airport.

<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
30,000	610,000	610,000	610,000

9. Funds to Support Task Force Applications

As important as the development and FAA approval of task

Force recommendations are the analytical studies for airport site specific application of the various capacity enhancement techniques.

<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
1,000,000	1,000,000	1,000,000	1,000,000

10. Airport Pavement R & D

Airport runway outages account for some 20% of total delays. There are about 650 million square yards of pavement at U.S. airports representing a replacement value estimated at \$100 billion. Yet there is no R & D for maintaining and improving the existing facilities and supporting research to reduce or resolve problems contributing to runway construction delays at congested airports. FAA must undertake a long-term airport R & D program for improved runway pavement technology, materials and construction techniques, control of snow and ice, improving operational capabilities under low visibility, airport lighting systems, airport system controls, wind-shear, etc.

<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
1,000,000	5,000,000	5,000,000	5,000,000

11. Total Airport R & D Funding Needs

<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
5,835,000	15,480,000	19,470,000	19,510,000

Mr. Chairman, in concluding, I request your urgent attention to this pressing need, and the action of this Committee to help provide the airport R & D funds required. Such adequate funding must be provided through a new and separate "Airport R & D" FAA budget line item in order to protect the use of these important funds for the purpose intended.

CLOSING REMARKS

Senator LAUTENBERG. Thank you, gentlemen. All of this material is going to be reviewed. I have been notified that there is a vote on the floor, but we have a few minutes.

I want to commend both of you for the information provided here today. I realize that you have been compressed; a lot of knowledge and a lot of information has been compressed in a very short space of time and I regret that, but we have accomplished the mission. Your comments are in the record and they will be seriously considered as we try to pursue the needs of the traveling public.

One thing is the capacity of the airports themselves, the airlines, and the supporting facilities necessary to move passengers. It is outrageous for all of us, and each one here has recounted horror stories about getting in an airplane and sitting there waiting. I travel regularly between here and Newark, and sometimes I have to go to LaGuardia because of scheduling, and on a blue sky day, without a cloud visible, to have to get in an airplane and sit 45 minutes or an hour sometimes, even more, to get off the ground—it is preposterous that we do not go ahead and use the technology wherever possible to help facilitate that travel.

When we talk about some of the safety measures, I would have to tell you, for the record, that if the American public understands the significance of the cuts that we are imposing on air safety and airplane capacity development, including not just the aircraft itself, but all the facilities, they would be outraged.

This is swept aside like other budget matters, and when it is understood that more and more we are putting the flying passenger at risk unnecessarily, there will be a wave sweeping across this country that demands of us, the Senate and the Congress and the Government, generally, that we get on with this task.

It is not enough to say we just do not have the money, as you point out. There are trust funds available that are not being used.

Mr. SLOANE, when I look at what has happened with Newark and I remember the days that we were completing the construction of Newark Airport, other than the fact that the airplanes at Kennedy are slightly larger, for the most part, Newark has more movement, you say, aircraft movements, by significant measure than Kennedy or LaGuardia. Is that not true?

Mr. SLOANE. That is correct.

Senator LAUTENBERG. Is it anticipated soon that there will be more passenger volume passing through Newark than either of the other two major airports?

Mr. SLOANE. It looks that way, at the present time, based on our forecasts.

Senator LAUTENBERG. As I listened to your testimony, I heard you say that it is planned that two of these Doplar radar systems will be installed to detect wind shear to service LaGuardia and Kennedy; would the spillover be designed to alert the folks at Newark that there is trouble brewing?

Mr. SLOANE. As I understand it, they are only talking about putting in one system between Kennedy and LaGuardia to give you the wind shear indication at both of those airports. To the best of my knowledge, it will be too far away from Newark to give you any benefit, and give you minimum benefits at those two airports.

Senator LAUTENBERG. Well, what the devil; the most we are talking about here is 28 million people traveling in Newark—well, that is small potatoes.

It is ridiculous not to have, as much as we can—this is equipment currently available. Am I correct? Technologically sound, and we cannot find the money to do this with.

Each one of these systems, Morris, costs about \$5.5 million, is that—

Mr. SLOANE. I am not sure of the exact amount.

Mr. REILLY. Less. But to reenforce what people have said, the money is available. It is \$3.3 billion in total surplus sitting in the trust fund right now.

Senator LAUTENBERG. Why is it not released; do you know?

Mr. REILLY. No one has the answer. Under appropriations every year, the money has been there, it just has not been dedicated.

Senator LAUTENBERG. These funds are designated—I am calling on your wider experience in this issue than mine—you are saying these funds are available in the trust fund, in excess of \$3 billion, available under the structure of the fund, to be used for this purpose.

Mr. REILLY. Absolutely correct, sir.

Senator LAUTENBERG. We will be asking some questions about that, I promise you, very shortly.

We are told, by testimony from the FAA Administrator, Mr. Engen, that the current balance in the Airport and Airways Trust Fund is about \$6 billion, gross, before any liabilities are considered against that.

Is it your understanding that some portion of these funds could be used to pay for the procurement and installation of this antiwind-shear technologies, and that comes out of the fund of \$3 plus-billion remaining after potential liabilities charged against it?

Mr. REILLY. That is correct. The \$6 plus-billion is the surplus in the trust fund right now. There is supposedly about \$3 billion of that committed for different purposes, but Senator, there is a minimum of \$3.3 billion which is extrapolated to be at least \$4 billion by the end of this fiscal year that can be used for any and all of these needs, including the ones that you have specified.

Senator LAUTENBERG. What I hear you say is that if we went ahead and took care of the approximately 100 airports that have significant travel going to them, that all of this could be done for something around the \$500 million mark.

Mr. SLOANE. You mean the Doplar radar?

Senator LAUTENBERG. Yes, sir.

Mr. SLOANE. Yes, sir.

Senator LAUTENBERG. OK. I do not know how long we are going to have to pay homage to Gramm-Rudman and continue to subject passengers, crews, and very often innocent residents who live in areas where there is considerable air traffic—you cannot avoid that in highly populated regions like ours.

Mr. REILLY. I think, Senator, a pertinent comment at this time is that Senator Kassebaum, chairman of the Senate Aviation Committee, is trying to move the FAA budget off the regular budget in hopes that Gramm-Rudman and other intrusions to it may not have as much effect. This is something that the Congress and Senate should be looking at.

Senator LAUTENBERG. Senator Kassebaum and I work very closely together. I used to sit on her subcommittee at the appropriations committee. We share a common view and that is that we ought to use whatever resource we can. The one thing that distinguishes this country from so many others is the freedom of travel, and that is what has enabled us to build this widely disbursed geography into one major economic force. It is preposterous to me that we refuse to do all kinds of things, including employ wherever possible the number of people in the air control system.

Mr. SLOANE, I would be remiss to let you go without asking a further question about the topic of airport security. You know that "60 Minutes" segment last Sunday focused on security problems.

How do you respond, in very short form, to the report that the port authority security measures are by no means adequate in this day of international terrorism.

Mr. SLOANE. Senator, we think we have done a tremendous amount of work in the security area. As you probably know, there are different responsibilities for different people who get involved in security. Responsibility they basically talked about was the responsibility of the guards who are at the departure gate. That responsibility happens to be the airline's. We have been working very closely with them to beef it up.

In this particular case, there is a requirement that they look into the background of certain of their people before they hire them; it was certified by the agency to the airlines and to us that this particular individual's background had been checked. What is more important is that the kind of checking that is done is really not adequate.

What you need is an FBI-type check; what you need is congressional action to allow airports to have that kind of a check similar to what banks do on their employees when they are involved in the airport industry and where there is security involved.

Until you get that kind of check, regardless of what you do, it is not going to be an adequate job.

Senator LAUTENBERG. Let me ask you, airport security in America, is it as good as some of the best in other places in the world?

Mr. REILLY. Yes.

Mr. SLOANE. The answer is, yes. We are a democracy.

Senator LAUTENBERG. Well, I hope we will stay that way.

Mr. SLOANE. I mean that, not in the derogatory manner at all.

Senator LAUTENBERG. I am talking about Switzerland, about the really, best secure airports. I do not think that we are up to the level of some of the best that are out there.

Mr. REILLY. I think the answer is absolutely yes, with the exception that some European countries have put military forces around the perimeter of their airports and that perhaps is one difference.

Senator LAUTENBERG. Thank you, each, for your testimony, Mr. Sloane, Mr. Reilly.

CONCLUSION OF HEARINGS

With that, the subcommittee is adjourned. That concludes the hearings. The subcommittee will recess and reconvene at the call of the Chair.

[Whereupon, at 12:55 p.m., Wednesday, May 14, the hearings were concluded and the subcommittee was recessed, to reconvene at the call of the Chair.]

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MATERIAL SUBMITTED SUBSEQUENT TO THE HEARING

[CLERK'S NOTE.—Subsequent to the hearing, the following letters and statements were submitted for the record:]

(431)

STATEMENT OF GEORGE W. STEWART, JR., NATIONAL ASSOCIATION OF STATE
BOATING LAW ADMINISTRATORS

The National Association of State Boating Law Administrators welcome the opportunity to give testimony regarding the Coast Guard appropriation legislation for fiscal year 1987.

First, Mr. Chairman, let me say that our Association feels very strongly that the Sportfishing and Boating Enhancement Act of 1984 (PL 98-369) was a milestone legislation in directing support to "our boating public" with the tax this group pays on marine fuel used in motorboats. In previous testimony, we applauded this Subcommittee and the Congress on their farsighted approach to the needs of this user group, without placing a burden on the general taxpayer. We are here again today to reiterate our support of this important law.

Fiscal 1986 is the first year that the States have received the full appropriation of the \$30 million authorized, with the exception of a reduction under the Graham-Rudman law. We were elated to see the Congress acknowledge the need of this user group, in allowing the States to take a more active role in boating safety, boating education, boating law enforcement, boat search and rescue and providing public access facilities. We also recognized that this would strengthen our Federal-State maritime partnership and hopefully relieve the Coast Guard of many of their responsibilities in this area.

The largest problem we have is in dealing with the tremendous uncertainty over Federal funding year to year. It makes it difficult to prudently budget for long-term commitments to program improvement with any certainty. The Federal funds so far have allowed us to do many things that contribute to safety on the water, such as:

- Increased boating safety patrols;
- Better boating accident investigations have pointed up causes which are targeted for increased education and enforcement;
- Increased training of enforcement officers;
- Better communications and enforcement equipment;
- Now reaching more boaters with free education classes;
- Working towards better statistical data on effects of alcohol and boating, i.e. In California, a two year study showed that in 59% of fatal motorboat accidents where testing could be conducted, alcohol was a contributing factor to the cause of an accident;
- The erection of Kiosks to provide boaters information on coastal bar crossing, navigation, equipment requirements, rules of the road and related information including charts.
- Erection of wind warning strobe lights across heavily used bodies of water to warn boaters of impending high winds;
- Courtesy boat safety inspections;
- Conducting boating surveys, which provide critical data for assessing boat use, conflict areas and safety courses;
- Handing out free literature on boat noise, sailboarding safety, make way in dealing with large ships, hypothermia, thrill craft, use of life jackets (PFD's), and dealing with alcohol use.

The following States have shown a noticeable reduction in boating fatalities:

State	1983	1984	1985
Arizona	15	9	6
Arkansas	15	8	11
California	95	93	76

State	1983	1984	1985
Connecticut	15	8	4
Delaware	4	0	2
Georgia	36	13	29
Louisiana	73	58	58
Maine	15	12	7
Maryland	26	24	17
Massachusetts	22	21	17
Michigan	56	40	48
Montana	18	2	8
Nevada	10	4	3
New Mexico	5	16	4
North Dakota	2	4	1
Ohio	34	34	29
Pennsylvania	25	23	16
South Carolina	41	35	17
South Dakota	5	6	1
Tennessee	29	26	23
Utah	16	4	4
Virginia	32	22	19
West Virginia	10	7	6
Wisconsin	43	22	22

So as not to mislead the Subcommittee, we must point out that in many States, they have experienced a surge in boating fatalities and in others they are just holding their own. With the ever increasing number of recreational boats on our waterways, this will obviously be a problem that must be addressed with long-range planning and funding to get the job done.

We feel the State program, to date, is living up to the high expectations of the Congress. We will continue to strive for more innovative use of the funds to better educate the boater and further reduce boating fatalities. However, we cannot overemphasize that stability is needed if the true fruits of full funding are to be realized. We, therefore, urgently ask this Subcommittee to provide full funding for our State program for FY'87.

Allowing the States to recoup the Federal marine fuel tax that boaters pay on marine fuel used in motorboats is a prime example of the user fees helping the user. With these funds the States have willingly assumed a major share of what is logically and statutorily a joint responsibility. The States have shown credibility, consistency and resources to reach the boating public. The States have concentrated on establishing an administrative infrastructure, purchase equipment and promote the education and enforcement techniques to stimulate increased boating awareness, and thereby decrease fatalities. We believe that increased State effort should result in savings to the Federal government rather than inordinate additional costs, which would emanate from State curtailment should funding be decreased.

The State Boating Safety Program has a proven track record. We have many times received praise from the Coast Guard and various boating organizations as well as the boating public we serve. To keep this momentum, we ask this Committee to appropriate the full \$30 million authorized to the States for fiscal year 1987.

In summary, Mr. Chairman, the National Association of State Boating Law Administrators enjoy a very close working relationship with the Coast Guard. We feel that we compliment each other in our joint efforts to make safe and enjoyable boating a reality on our nation's waterways. We are, therefore, pleased to offer our comments before this Subcommittee on the Coast Guard's appropriation for fiscal year 1987.

STATEMENT OF R. ADAMS COWLEY, M.D., DIRECTOR, MARYLAND INSTITUTE FOR
EMERGENCY MEDICAL SERVICES SYSTEMS

Mr. Chairman and members of the subcommittee, on behalf of the Maryland Institute for Emergency Medical Services Systems and the Atlantic Emergency Medical Services Council we appreciate the opportunity to appear before you today. The Atlantic EMS Council is an organization dedicated to developing emergency medical services systems in the seven-state, Mid-Atlantic region. The Maryland Institute for Emergency Medical Services Systems directs the statewide EMS system in Maryland and is the location of the Shocktrauma Center and National Study Center for Trauma and EMS. We always deem it a privilege and a pleasure to testify before the Senate Transportation Appropriations Subcommittee, because, under your leadership, Mr. Chairman, the subcommittee has maintained a particularly active role in supporting emergency medical services in the United States. For example, this subcommittee's and National Highway Traffic Safety Administration's influence is evident in state laws which now reflect stringent standards for ambulance licensure and certification for emergency technicians. As a result, prehospital survival rates have improved dramatically.

Most recently, the publication of the report Injury in America, a report commissioned by the Congress three years ago, witnesses Congressional foresight and commitment for which we in the EMS community are grateful. This document confirms the enormity of the critical injury problem and sets a sound research agenda. It recognizes the need for trauma center designation, a concept strongly supported by the Atlantic EMS Council and MIEMSS. We endorse National Highway Traffic Safety Administration's efforts, under the capable administration of Diane Steed, to implement recommendations in the report and will do whatever we can to assist in this endeavor. Indeed the National Study Center for Trauma and EMS recently hosted a meeting here in Washington of representatives from several leading

organizations involved with trauma and EMS to discuss this report with Ms. Steed and work together to make this effort a success.

As we have stated over the years and as Injury in America reiterates, trauma-induced injury and death have become a national crisis. In 1985 there were over 90,000 deaths and over 2,000,000 disabling injuries due to accidents in this country. Resulting economic losses are calculated as being over \$90 billion. Of course the loss of human potential and life was staggering.

We know that prevention is the most effective weapon against traumatic injury and great strides are realized in this area. Unfortunately progress in preventive measures has only slowed the increase in trauma incidence; it has not stopped injuries, nor can we expect that it ever will. The demand for state-of-the-art emergency medical services continues to grow, as does the demand for systems to deliver these services. Because the "systems approach" to EMS delivery is national in scope, it requires and deserves the continued support of Congress and the Department of Transportation. Only then can we ensure interstate care, increase our knowledge through a sound data base and correspondingly provide the best possible services to all Americans. Accordingly we request that the full funding level for the National Highway Traffic Safety Administration be appropriations and that EMS be supported in its efforts to have greater public awareness of trauma and that better trauma systems be developed across this country.

STATEMENT OF DR. NOEL C. BUFE, DIRECTOR, TRAFFIC INSTITUTE OF
NORTHWESTERN UNIVERSITY

I am Noel C. Bufo, Director of The Traffic Institute of Northwestern University, Evanston, Illinois.

The Traffic Institute renders direct administrative, technical, and training assistance to governmental departments and carries on relevant research, public information, and public programs. The Institute is staffed with a multi-disciplinary team who combine extensive experience in the areas of law enforcement; legal aspects of traffic operations, laws, and enforcement; traffic and transportation engineering; traffic safety; police and motor vehicle administration, with strong professional training and research credentials.

As such, the Institute specializes in the delivery of programs designed for the training needs of state and local officials having responsibilities for a wide range of highway safety activities.

We are one of the primary trainers of police traffic specialists and administrators and other professionals in the field of traffic and highway engineering, traffic safety, and motor vehicle administration. We train more than 6,000 students per year in a wide range of traffic and highway safety programs, through courses ranging in length from two and a half days to nine months (commonly referred to as our "Long Course").

It is our position that during its twenty years, the federal highway safety program has been a success; the program should be continued. It has contributed in many ways to making our roadways safer and reducing human and economic losses resulting from traffic crashes.

There is, of course, much yet to be done. Presently, we are only stemming the rising tide. We need continued federal assistance if the growing traffic loss problem is to be met effectively. We therefore encourage the continuation of the level of funding for the highway safety programs and as the agency extends its emphasis from occupant restraints and alcohol countermeasures to focus attention on other areas of concern, we advise the increase in budget allocations.

I have termed the federal effort a success. Let us briefly examine some of the ways it has stimulated system improvements that reduce the hazards of use of our leading form of transportation--the automobile.

1. Because of the federal effort, states have been stimulated to spend more money on highway safety. Initially, this was reflected in the matching funds that states provided for federal grants. Incidentally, many of these projects, initially funded by the federal government are now fully-funded with state and local dollars.
2. Greater standardization has taken place of highway engineering, construction, design, and traffic control with a sharp focus on safety.
3. Motor vehicle manufacturers give greater attention to the safety design of their product.
4. Employment of competent personnel in the highway safety field has been stimulated.
5. Fatalities have been reduced and fuel saved as a result of the enactment and enforcement of the 55-MPH speed limit.

6. Because of federal encouragement, 50 states and the District of Columbia have passed child restraint laws, and 24 states including D.C. have passed safety belt laws. These laws are proving to be effective means of preventing death and serious injury on the highway. Occupant restraint programs, funded by the federal government have been important tools in ensuring public awareness and acceptance of these important countermeasures.
7. The adoption by 40 states of a minimum drinking age of 21, also encouraged by NHSTA, will do much to stem the large numbers of teenage highway deaths and injuries.
8. Adoption of uniform vehicle codes have been stimulated, traffic laws have become less diverse and confusing. During the past 16 years, over half the substantial differences between state traffic laws and the uniform vehicle code have been eliminated.
9. Funds for needed manpower development, and equipment purchases for implementing highway safety programs, i.e., breathalizers, communication systems, patrol vehicles, radar, have been provided to law enforcement agencies.
10. State and local jurisdictions have increasingly recognized that their personnel must have higher levels of competence and skills in the management, supervision, and operation of the highway transportation system and in the implementation of effective countermeasures to optimize public safety.
11. Law enforcement surveillance of our highways by Sheriff Departments and County Police Departments has been increased by allocation of 402 funds.
12. 403 funds have made possible the study, analysis, and correction of specific traffic problems; state, county, or municipal funds were and are insufficient for such research.
13. The efficient and safe movement of people, vehicles, and goods has been facilitated, improving our quality of life.

In declaring the Federal effort a success, I speak as Director of The Traffic Institute of Northwestern University, an organization which has been a part of that success.

The Traffic Institute provides specialized technical and professional training focused on the highway safety problem. (Appendix 1)

The students attending Institute courses are mainly state and local police officers--at both the managerial and operational levels. We also offer training to highway and traffic engineers of state and local government agencies. In the past 36 years, we have enrolled 9,000 engineers in traffic engineering and transportation programs. We have provided traffic safety training for military officers and state motor vehicle administration personnel for more than three decades and have participated actively in the training of traffic court judges and prosecutors, in cooperation with the American Bar Association (ABA) since 1947.

Overall, we have, since 1936 (the year of the Institute's founding), conducted over 2,400 courses for more than 100,000 students:

--Sixty-eight percent of these courses were focused on highway safety.

--Thirty-one percent of the total courses were managerial/supervisory in nature, which impacts on all phases of public safety--including traffic safety.

Fifty-six percent of the above-referenced total courses (involving fifty-six percent of the students) were conducted off campus.

Although these figures indicate the breadth of our training programs for the 50-year period since we were founded, the figures for the past 16 years are a striking testimonial of the importance of the federal support to which we address ourselves today. This period coincides with the period of the availability of federal funds in support of the training of responsible officials charged with some duty or duties in the field of highway safety.

Since 1970, we have conducted more than twice as many courses and trained more than twice as many people in these 16 years as we did in the first 35 years of our existence. This resulted primarily through support emanating from the federal highway safety programs. Of the total 75,000 students trained during this 16-year period, 62 percent, or more than 46,000 of these students were trained off campus. This indicates our capacity to respond to the regional and local training demands, while keeping training costs for participating agencies to a minimum. Prior to 1970, only 45 percent of our students were taught off campus.

Many of our 2,400+ Long Course graduates have made exemplary progress, as evidenced by their promotion to leadership positions.

This resulting capacity of our Long Course graduates was shown, in part, in some of the programs cited in "An Assessment of State and Community Highways Safety Programs FY 1975-FY 1979," U.S. Department of Transportation, National Highway Traffic Safety Administration, January 1980, DOT-HS-085-228. For example:

- a. New York State Police have implemented a "Controlled Access Highway Task Force" aimed at enforcing the 55-MPH speed law. Over the years, 34 members of the New York State Police have graduated from the Institute, and the Director of the New York State Police Training Academy is a graduate.
- b. Maryland State Police also have a selective enforcement program aimed at enforcement of 55 MPH. Over the years, we have had 29 graduates of the Institute's Long Course who were members of the Maryland State Police.
- c. The city of Greensboro, North Carolina, has a project dedicated to the allocation of police resources aimed at accident reduction. This city has 14 graduates, including the chief of police and most of his top administrative staff.

In my opening remarks, I indicated there is still much to be done. As the late Dr. William Haddon, Director of the Insurance Institute for Highway Safety often said, "In highway safety, there are no silver bullets." Even a cursory look at the future supports this view. Our best estimates indicate that individual transportation--the motor car--will be with us all in the foreseeable future. Size and horsepower will be decreased, and alternative fuels to supplement, but not replace, gasoline are likely.

There will be some changes in urban and suburban structure that may increase use of public transit, but in sum, we do not see that this will significantly reduce our dependence on, and utilization of, the automobile.

In spite of efforts made to date, all of the factors that contribute to problems of traffic safety will continue to be felt: high-risk driving; speeding; driving under the influence of alcohol or drugs; less than 100 percent use of occupant restraints; congestion; vehicle and pedestrian mix; gross variations in enforcement and adjudication; disparities in laws, including driver licensing between states; mechanical defects; electronic means of frustrating enforcement; and declining funds for highway construction maintenance. These factors have plagued us perennially, and we see little hope of their being held in check in the foreseeable future without a rigorous commitment to do, and development of, effective traffic accident countermeasures.

Training for police in highway safety techniques is still inadequate. Less than 15 percent of recruit training time is devoted to traffic safety, while a minimum of 50 percent of all patrol time is demanded by traffic accidents, traffic supervision, enforcement, or other related traffic activities.

Police are the most utilized and ubiquitous factor in the effort to make our roads and streets safe. Yet, police officers, in the main, are considered by the public to be crime fighters. As a consequence, police needs for manpower and equipment are justified at budget time by holding up the specter of crime and violence.

It seems obvious to me that with inadequate traffic training, and a public police posture that emphasizes crime deterrence and prevention, along with tight budgets, that the temptation to further reduce traffic services could be irresistible (producing devastating results on our streets and highways). The consequent inadequacy of selective enforcement and general traffic supervision, the abandonment of accident investigation and the reduced use of electronic surveillance for speed control would, in combination, result in a devastating increase in traffic crash losses of every category. Further, the state-of-the-art of the Emergency Medical Services (EMS) has deteriorated because of the lack of programmatic support and adequate funding.

It is well recognized that the policy of the federal government is usually a bellwether. If there should be a reduction in emphasis on traffic safety, and past commitment to useful programs is withdrawn, state and local governments will find this a place to cut in a time of tight money with the convenient rationale of cut-off of federal support.

I conclude this testimony with the following recommendations, which bespeak the importance of continuing the federal highway safety program:

1. We encourage support of the proposed budget amount and consideration of increasing the amounts for parts of programs not being adequately addressed: drivers licensing, judicial training, Emergency Medical Services (EMS), police traffic services, safety education, road improvements.
2. Highway safety manpower development programs should be continued with renewed vigor. This concern is clearly recognized by Congressional dictates in Sections 402 and 403, which call for the development and implementation of manpower training programs. This is the best investment the federal government can make in ensuring the competence of highway safety personnel.

3. Maintain the vitality of the 55-MPH program. This is an effective means of energy conservation and fatal crash reduction. However, it must be refocused since it presently diverts resources from rural and country roads where the crash problem is most severe.

Speed limits are typically determined by the 85th percentile of measured speeds. Because of the federally-mandated 55-MPH limit, considerably more than 15 percent of drivers on controlled access roads (currently about 69 percent) are exceeding the limit, exacerbating an already difficult enforcement problem. The funding of this program, as currently structured, provides incentive to enforce the 55-MPH speed limit on controlled access roads at the expense of safety on state and local road systems, which experience a higher basic safety risk. This program deserves continued federal support as one of the few traffic crash countermeasures that produces a relatively predictable result, in terms of energy conservation and traffic safety.

Further, we should be reminded that the projected federal funding levels represent only a fraction of what is being spent on 55-MPH enforcement programs by state and local police agencies. The federal contribution is an important incentive to keep this partnership arrangement functioning. We should also be mindful of the rather tenuous fashion in which many states have enacted 55-MPH legislation in support of the federal mandate. If the federal government pulls out its support, I believe the states will use this action as a rationale to abort their existing state 55-MPH laws and revert to their former practice of allowing higher maximum speeds.

4. Provide continuing attention to developing uniformity in laws, codes, and ordinances.
5. Maintain the present level of state and local officials expertise which is significantly higher than it was 10 years ago. Regression to former levels could involve enormous human and economic costs.
6. Strengthen state management systems to provide review and advisory functions for the states' total safety effort. Existing control systems typically provide close managerial coverage of the highway safety program that is federally funded. State and local coordination is not integrated fully into this process in most states. Congressional concern about this matter is appropriate, and states should be dealing more completely with this important facet of the program. The National Highway Traffic Safety Administration (NHTSA) should take an aggressive role in implementing Congressional intent in this regard.
7. Provide leadership and direction for intensive research. Of basic importance is research on driver behavior. Not enough is known about what causes abnormal driver behavior. We don't know much about the psychological profile of the safe driver or the unsafe driver. We are not sure about the combination of skills that must be mastered to ensure safe driving.

A clearer understanding of human factors is necessary to better design, operate, control, and supervise the movement of vehicles and people on the highway system, to more adequately compensate for human limitations and errors.

Of particular importance is research into the effects of alcohol

and drugs on driver behavior. There are a number of initiatives in this area going forward at the present, and continued support is needed if we are to proceed knowledgeably in future programs.

These recommendations reflect high priority needs, directly affecting public welfare. Only heart disease, cancer, and stroke kill more people than the motor vehicle. In the age group 1 through 44 (our most valuable human resource for the future), motor vehicle accidents are the leading cause of death. We can no more afford to reduce our efforts in highway safety than we can afford to make drastic cuts in medical research program support.

The problem is complex and demanding. The number of responsible official and private agencies and their dispersion throughout the several levels of government and society is a complicating factor. It is imperative that the federal government firmly maintain its position of concern, commitment, and leadership. To do otherwise will deprive the total program of irreplaceable support and, probably, take down with it much of the current support from state, county, and city governments which are facing awesome problems of economic stringency. I pray that you will provide exemplary leadership in this matter of such real and immediate importance to millions of Americans and their families.

Thank you.

Appendix: 1. Brochure of course offerings.

STATEMENT OF ROBERT W. BISHOP, SECRETARY, NORTHEAST UTILITIES, ON BEHALF OF THE ELECTRIC UTILITY COMPANIES' NUCLEAR TRANSPORTATION GROUP, THE EDISON ELECTRIC INSTITUTE, AND THE UTILITY NUCLEAR WASTE MANAGEMENT GROUP

My name is Robert W. Bishop. I am Secretary of Northeast Utilities, a registered public utility holding company, and of its operating subsidiary companies which supply electric and natural gas service to approximately 1.2 million customers in Connecticut and Western Massachusetts.

My statement is presented on behalf of the Electric Utility Companies' Nuclear Transportation Group ("NTG"), the Edison Electric Institute ("EEI") and the Utility Nuclear Waste Management Group ("UNWMG"). I am Chairman of the NTG, which consists of 37 investor-owned and publicly-owned electric utilities responsible for the operation or construction of 100 nuclear power reactors. The NTG was formed in 1978 because of the growing concern of the electric utility industry about the effect of federal, state and local laws and regulations on the ability of electric utilities to operate nuclear power plants safely, prudently and economically and to transport in the same manner the fuel cycle materials essential to that operation. EEI is the association of investor-owned electric companies. Its members operate 85 nuclear plants with 17 additional units under construction. The UNWMG is a specific activity of 44 nuclear utilities which have joined together to assist in the nuclear waste disposal process.

The purpose of my statement is to support a requested increase in the budget for the Department of Transportation's ("DOT") Research and Special Programs Administration ("RSPA") for FY 1987. For reasons that I will describe in more detail below, the necessary activities of RSPA are likely to increase in FY 1987 over previous levels and increased funding must be supplied.

The DOT is charged by the Hazardous Materials Transportation Act ("HMTA") with the responsibility "to protect the Nation adequately against the risks to life and property which are inherent in the transportation of hazardous materials in commerce." 49 U.S.C. § 1801. To carry out this responsibility, DOT is authorized to issue regulations governing any aspect of transportation deemed necessary or appropriate by the Secretary "for the safe transportation in commerce of hazardous materials." 49 U.S.C. § 1804(a). With respect to the transportation of radioactive materials, the DOT shares regulatory authority with the Nuclear Regulatory Commission ("NRC") pursuant to a Memorandum of Understanding between the two agencies.

Section 112(a) of the HMTA provides that any nonfederal transportation requirement that is inconsistent with the HMTA or regulations issued thereunder by the DOT is preempted. 49 U.S.C. § 1811(a). Although not expressly stated in § 112(a) of the HMTA, it has been established by several judicial decisions that an inconsistency ruling may be issued by a court or by the DOT. In contrast, § 112(b) of the HMTA vests DOT with the exclusive jurisdiction to grant an exemption from this blanket preemption provision to allow an inconsistent nonfederal requirement to remain in effect if DOT makes certain findings specified in the statute. 49 U.S.C. § 1811(b). The Secretary of Transportation has delegated to the Research and Special Programs Administration ("RSPA") responsibility for promulgating regulations governing the transportation of hazardous materials and responsibility for issuing inconsistency and nonpreemption rulings. RSPA is also responsible for enforcement of its hazardous materials regulations, publication of an emergency response guidebook,

communicating with states and localities to ensure adequate understanding of the federal regulatory program, and promoting consistency between federal and state regulatory programs.

RSPA thus has a broad range of responsibilities in areas of major significance to the general public because of the increasing number and scope of hazardous materials being transported throughout the nation each year. With respect to the transportation of radioactive materials, RSPA's responsibilities have taken on heightened significance because of the passage of the Nuclear Waste Policy Act of 1982 ("NHPA"). The NHPA provides that transportation of spent fuel and high level radioactive wastes by the Department of Energy ("DOE") to federal interim and permanent storage facilities, which is expected to begin by the end of the century, must be in full compliance with regulations issued by the DOT and NRC. Thus, the relationship between federal and state laws that is established by DOT's regulations, policy statements, inconsistency rulings, and nonpreemption rulings will form the regulatory framework for spent fuel shipments by utilities and shipments by the DOE under the NHPA.

Although several utilities have conducted spent fuel shipping campaigns in the past and some currently are engaged in such shipping campaigns, to date there have been relatively few shipments of commercial spent fuel. As utilities begin to exhaust their available on-site storage facilities for spent nuclear fuel and as shipments begin to take place under the NHPA, however, the number of shipments of spent fuel made annually will increase substantially. Shipments of low level radioactive waste also are taking place and will continue to take place in the future. As I mentioned previously, RSPA is responsible for implementing and enforcing an adequate federal

regulatory framework to ensure the safe shipment of these materials. The prospect of increased spent fuel shipments has led to increased concern at the state and local level about the adequacy of the federal regulatory framework, a concern that is being reflected in the enactment of state and local regulatory requirements. It is crucial that RSPA have adequate resources to review the adequacy of its existing regulations, promulgate additional regulations if deemed necessary, adequately enforce its regulations, provide appropriate informational material and guidance to assist states and localities in planning for and responding to hazardous materials transportation emergencies and work with states, localities, shippers, carriers and others to foster compatibility between federal and state regulatory programs. It is also important that RSPA have the human and financial resources necessary to enable it to analyze effectively and rule promptly on applications for inconsistency and nonpreemption rulings, which can be expected to continue to increase in number.

For these reasons, the NTG, EEI and UNWGM support RSPA's budget request and urge its approval by the Subcommittee.

STATEMENT OF THE NATIONAL BUSINESS AIRCRAFT ASSOCIATION, INC.

Thank you for allowing the National Business Aircraft Association, Inc. (NBAA) to submit this statement regarding fiscal year 1987 appropriations for programs at the Federal Aviation Administration (FAA). NBAA represents the business aviation interests of thousands of companies which operate aircraft to as a means fulfill their daily business transportation needs. As our Member Companies use their aircraft as transportation tools, any impact on the ability of American business to safely and efficiently travel throughout the nation is of great concern to us.

The impact of budget constraints on aviation program funding has two facets. The first facet and the source of our immediate concern is that of the everyday operation of the air traffic control system and the ancillary functions of the FAA which support it. The second but no less important facet is the status of and overwhelming need for substantial investment in our nation's aviation infrastructure: airports and heliports and navigation aids and surveillance systems.

OVERVIEW OF THE AIRPORT AND AIRWAY TRUST FUND

As the Subcommittee is aware, the FAA is currently operating under the provisions of the Airport and Airway Improvement Act of 1982 (the 1982 Act). This law and its amendments authorize some \$12.685 billion to be spent from the Trust Fund through FY 1987 for airport improvement, research, development and engineering and the upgrading of air navigation facilities and equipment pursuant to the National Airspace System Plan, or NASP. Additionally, the FAA is authorized to draw \$8.234 billion from the Trust Fund to pay a portion of its Operations and Maintenance expenses. This "contribution" represents what has been termed the users' share of the cost of operating the airport and airway system and the FAA.

To provide funding for the NASP, a measure accompanying the 1982 Act levied sharply increased Federal excise taxes on non-commercial aviation fuel, air freight and the transportation of persons by air, commonly known as the "ticket tax" but applicable to all commercial air transportation of

persons. These user taxes provide the revenues flowing into the Trust Fund. NBAA and its membership supported the 1982 Act and accompanying tax legislation because of their three-fold promise of expanded capacity, increased safety and enhanced efficiency in the airspace and at the airport. These goals were to be realized through the application of technological solutions to the problems resulting from operating aircraft of the 1980's and 1990's in a system designed in and using equipment dating from the 1950's.

Instead, the 1982 Act has not fulfilled its promise; indeed, it has not been allowed by Congress and the Administration to fulfill its promise. As evidence we offer the record system delays encountered during the summer and fall of 1984, when demand for air transportation outstripped the system's ability to accomodate users. Further evidence can be found by examining the restrictions in existence at certain "high traffic density airports" at which operators are required to obtain reservations or "slots" to land or take off solely because the airports' operators have not adequately planned for the amount of traffic now using them or properly used the millions of dollars in airport grants they have received over the years to enhance capacity.

The result of the failure of Congress and the Administration to fulfill the commitments made in 1982 has been to delay the implementation date of numerous system enhancements while deferring expenditures to later years, in some cases possibly into the next century. Further, an uncommitted balance of some \$3.5 billion has built up in the Trust Fund, an amount many feel is being "held hostage" to make a dismal Federal deficit appear slightly better. These reductions in funding, coupled with the cuts contained in the President's FY 1987 budget proposal, will combine to reduce authorized spending on FAA capital investment programs since 1982 by as much as \$2.3 billion by October 1, 1987.

Ironically, continued failure to expend the revenue deposited into the Trust Fund for the purposes intended has resulted in the repeated "triggering" of a provision in the 1982 Act which automatically reduces the

"contribution" to the Operations and Maintenance account by two dollars for each dollar not appropriated to the Facilities and Equipment account. The effect has been to artificially increase the percentage of the FAA's administrative expenses funded from general revenue, compounding the overall Federal deficit situation.

EFFECT ON THE FAA OF THE PRESIDENT'S PROPOSED BUDGET

I. PERSONNEL

A great deal of damage to the FAA and to our nation's system of air transportation could result from the proposed levels of funding in the President's FY 1987 budget. This damage would derive from the throttling of planned increases in staffing levels at the agency and the inability to retain existing staff. The plans of the Secretary of Transportation to add additional controllers notwithstanding, those positions most affected would be the air traffic controller workforce, barely recovered from the aftermath of the 1981 PATCO strike and still, we feel, understaffed.

Examples of the effect of continued low controller staffing levels include possible closure of low-activity control towers with a reduction in hours of operation or capacity at others. Flight Service Station personnel may also be reduced, possibly resulting in a failure of many operators to be able to receive timely or accurate pre- or in-flight weather information. The impact of reduced staffing levels will not be softened by installation of the automated equipment envisioned by FAA and which, of course, has been delayed through previous funding reductions. Although a supplemental appropriation providing some \$85 million for additional controllers is in the works at this writing, the likelihood of its rapid enactment is in question, as is its adequacy in addressing this most vexing problem.

Additional cuts may have to be made in the inspector workforce. The stated goals of the Secretary of Transportation are to increase the number of inspectors by 500 over the next three fiscal years in order to ensure proper adherence to FAA regulations. With reductions in funding of the scope proposed the FAA will be fortunate to retain the number of inspectors it currently has, much less increase it.

Another result will be a reduction in the number of employees available to perform maintenance on electronic navigational aids, air traffic control radars and computers and communications equipment. It is entirely possible that facility outages, either partial or total, will increase in frequency, further adversely affecting capacity and efficiency. All in all, the normal, everyday activities of the FAA will be severely constrained--some may be eliminated altogether.

These examples of staffing constraints at the FAA only scratch the surface, yet they represent the "front-line" of FAA's manpower available in fulfilling its legislative mandate to foster and promote both the safety and growth of aviation. Reduced staffing levels will prevent the timely, flexible flight operations air travelers have come to expect and for which they have paid taxes. The growth of aviation will continue to be stymied, all in the name of providing a slightly better balance sheet for the Federal government.

II. PROGRAMS

The ability of the FAA to expend Trust Fund monies for system improvement and capacity enhancements is also of concern to us. Continued underfunding of much-needed modernization programs will only further postpone needed replacement and upgrading of outmoded equipment. As a result, benefit-to-cost ratios will sag, procurement costs will increase and eventual completion of the NASP will be further delayed, if the Plan can continue to withstand such onslaughts. The simple fact is that many needed system improvements are being postponed at current levels of funding and that any further delay brought about by deeper budget cuts threatens both the viability of the NASP and the financial commitments users have made to see it put into operation. The air transportation system will simply be unable to support the future needs of all who depend upon it. These factors will become especially important as legislation to reauthorize the expiring 1982 Act is considered during the coming months.

A. Short-Term Projects

Among planned short-term projects the completion of which will have

direct contributions to improvements in aviation safety and system capacity are the Microwave Landing System (MLS), Automated Weather Observation System (AWOS), implementation of non-precision instrument approaches using LORAN-C and filling of the LORAN-C "Mid-Continent Gap."

Completion of the MLS and LORAN-C projects would provide a greater margin for safe operation at many domestic airports, and help relieve the pressures on the current congested airports. Improvements in safety would come about through the availability of timely, accurate weather information provided by AWOS where, possibly, none is currently provided. Additional improvements in safety would result from increased numbers of instrument approaches at airports where, again, no such capability is currently available and which do not have the IFR traffic flow to support installation and maintenance of the costly electronic equipment which is required.

Completion of these types of projects, of which many more examples exist, would result in immediate capacity and productivity gains and should not be subject to deferrals but should be expeditiously funded.

B. Long-Term Projects

Examples of long-term projects which will likely be further delayed under projected budget cuts include procurement of the Host Computer System, Automated Flight Service Station equipment and the Advanced Automation System. These and many other such projects comprise the "guts" of the NASP. Reductions in funding, over and above those cuts already sustained through inadequate appropriations in earlier years, will surely further delay and increase the final cost of these programs, forcing the FAA and aircraft operators of all types to contend with continued operation of an outdated air traffic control system even longer than is now projected.

C. Airport Development

Safety, congestion and delay in the air transportation system begins and ends at an airport. Many airports throughout the country are operating at or near peak capacity with many more expected to achieve that dubious distinction within ten years. Lacking sorely-needed and previously planned-for investment, airport saturation will soon be the norm, rather

than the exception. The unprecedented delays and congestion of late 1984 can only be repeated if runways and taxiways are not improved, new and longer, as well as shorter, "stub," runways serving smaller, more maneuverable aircraft are not built and the construction of new, more modern airports not begun.

The most recent FAA National Plan of Integrated Airport Systems demonstrates some \$18.3 billion in capital investment needs through 1993 at airports throughout the nation. Municipalities and airport authorities simply lack the necessary financial resources and, without the support provided through airport planning and capital development grants from the Airport and Airway Trust Fund, these improvements will not occur.

RECOMMENDATIONS

The root cause of the problems confronting the national system of air transportation is the application of budget constraints to a dedicated funding mechanism which is not now nor has ever been in a state of imbalance. The persistence of the Administration and Congress in asking users to pay for system improvements and then not spending the funds for the purposes intended has resulted in a bewildering patchwork of broken promises, unfunded needs and artificially-imposed operational constraints. This chain of events must be broken and broken immediately. Today, this Subcommittee has just such an opportunity.

We urge this Subcommittee and Congress as a whole to reject the Administration's FY 1987 budget proposal regarding the FAA. It is a short-sighted proposal and one which places more emphasis on forcing the use of revenues dedicated to system improvement to make up for shortfalls in other agencies than it does on fulfillment of the twin objectives of enhancing capacity and efficiency. It is simply the wrong budget for the times and can only achieve its objectives through amendment of existing statutes allowing the Administration to pull from the Trust Fund for the FAA's FY 1987 administrative expenses much more money than authorized.

Consequently, we urge this Subcommittee to report legislation which would appropriate no less than the amounts assumed by the Senate Committee

on the Budget in S. Con. Res. 120. Those amounts are: for Facilities and Equipment \$1.167 billion, for the Airport Improvement Program \$1.017 billion and for Research, Engineering and Development \$196 million. Further, the amount "contributed" to Operations and Maintenance from the Trust Fund should not exceed that allowed by the "penalty clause" of the 1982 Act. While these figures are substantially higher than those in the President's budget, they remain woefully inadequate, given the overwhelming needs for immediate and substantial investment in this nation's aviation infrastructure outlined above.

Finally, we fully support and urge expeditious enactment of legislation to remove the Trust Fund and its programs from the unified budget. We call on this Subcommittee to support such legislation, laying inconsequential jurisdictional problems aside in the greater interest of the safety and unimpeded flexibility of air commerce.

CONCLUSION

In sum, the application of previous and proposed budget cuts and the mindless sequestrations called for under the Balanced Budget and Emergency Deficit Control Act of 1985, commonly known as Gramm-Rudman-Hollings, or GRH, has placed the continued viability of this nation's highly developed system of air commerce in distinct jeopardy. The benign neglect visited upon the system by the Congress and the Administration in recent years is taking its toll. In FY 1986 alone, millions of dollars previously planned for and appropriated by Congress will not be spent to alleviate existing system requirements due to GRH.

The Congress and the Administration must take immediate steps to forestall the drastic, supposedly unintended, effect of these cuts on aviation programs. Without such steps, the approximately 550 million air travelers each year will find that the resulting system simply cannot support the demand. Anyone who depends on air commerce, such as the banking industry, to move cancelled checks from bank to bank, businesses using small package express services, the Postal Service, the tourism industry and even

the military, which uses civilian aviation facilities when operating domestically, will be adversely effected. We can only speculate on the damage to the overall economy and, consequently, to the very effort to balance the Federal budget from which many of these problems derive.

The future of the FAA, its capital development programs and aviation in general is not a bright one as a result of the potentially lethal combination of past underfunding, GRH and the President's proposed FY 1987 budget. We are hopeful that thoughtful, reasoned actions will prevail and that all in aviation can get on about building, expanding and benefitting from the safest, most efficient system of air transportation ever devised.

Again, we thank the Subcommittee for allowing us to present this statement and stand ready to respond to any questions you may have.

STATEMENT OF THOMAS L. MOORE, EXECUTIVE DIRECTOR, PRIVATE CARRIER
CONFERENCE, INC.

The Private Carrier Conference appreciates the opportunity to submit these comments on the Administration's proposed Fiscal Year 1987 budget of the U.S. Department of Transportation and related agencies. Specifically, we would like to address the Administration's plans to totally cut funding for the Interstate Commerce Commission.

The Private Carrier Conference (PCC) is the national trade association representing some 2,500 shippers, manufacturers, distributors and suppliers that operate their own private fleet trucks as an extension of their primary business enterprises. The Private Carrier Conference is one of 11 conferences affiliated with the American Trucking Associations. However, we have our own budget, our own board of directors and set our own policy.

Private carriers fleets, both as shippers and carriers, have benefitted greatly from the reforms contained in the Motor Carrier Act of 1980 and subsequent reforms approved by the Interstate Commerce Commission.

These various options provide private fleets the tools required to operate an efficient and productive truck fleet consistent with the aims expressed in the National Transportation Policy.

According to our information, more than 10,000 companies have notified the ICC that they are participating in compensated intercorporate hauling arrangements between parent and subsidiary operations. Based on a recent survey of the readers of *The Private Carrier*, the national trade publication published by the Private Carrier Conference, 38 percent of private fleets are taking advantage of this option. A like number are using trip leasing. One in five private fleets are using single source leasing.

Perhaps the most beneficial aspect of the deregulatory movement has been burden of proof with respect to making the acquisition of supplemental common or contract operating authority more readily available.

In fact, our figures indicate that roughly one-half of all private fleets have acquired such authority or are considering applying for it. This has armed private fleets with an option that helps them greatly reduce empty movements by contracting to third parties requiring movement of their own freight.

Because of the increased opportunities available to private fleets, the Private Carrier Conference has taken the lead in supporting further motor carrier deregulation legislation. Last fall, the Board of Directors of the Private Carrier Conference developed and approved a Statement of Policy which supports further trucking industry reform at the federal level and the initiation of meaningful regulatory reform at the state level.

Specifically, the policy statement:

1. supports the elimination of economic entry and rate regulation of the trucking industry at both the state and federal levels;
2. supports the elimination at both the state and federal levels of the remnants of antitrust immunity for collective ratemaking; but
3. urges retention of meaningful federal control of size and weight laws, safety and insurance requirements and access to federally supported highways; and
4. supports the preservation at the federal and state levels of a uniform definition of lawful private carriage.

In pushing for further motor carrier deregulation, however, we are concerned about the federal/state relationship as it impacts the definition of a private carrier. Since the original Motor Carrier Act of 1935 was passed by Congress, a uniform definition of what constitutes private and for-hire motor carriage in different given contexts has been developed by the Interstate Commerce Commission and the federal courts. The central issue in all cases was to determine definitionally what was private carriage and, therefore, not subject to economic regulation by the Interstate Commerce Commission and what was for-hire carriage (common or contract) and, therefore, subject to the economic regulation both as to entry and rates by the Interstate Commerce Commission.

If funding for the Interstate Commerce Commission is eliminated this very valuable body of private carriage definitional law could pass into the history

books unless special care is taken to preserve it. Although this development probably would not have too much ill-effect at the interstate or federal level, it could have a very negative, undermining and corrosive effect at the state level as regards what the states, through their regulatory bodies, determine is lawful intrastate private motor carriage not subject to their regulation and what is for-hire motor carriage subject to their entry and rate regulatory powers.

This phenomenon would be highly anticompetitive and contrary to the pro-competitive philosophy behind the Motor Carrier Act of 1980.

Some way will have to be found to preserve in an acceptable manner this body of private carriage definitional law at the federal level, the principal motive being to maintain and even enhance the level of uniformity of definition among the states.

Even though private carriers have benefitted from the deregulatory actions continued in the Motor Carrier Act and subsequent actions of the ICC, and would stand to benefit from further deregulation and the sunseting of the ICC, we cannot support elimination of funding without parallel legislation to transfer to the proper regulatory agencies those functions necessary to ensure a safe and efficient transportation system.

Most of the members of the Private Carrier Conference, however, use a mix of private and for-hire carriage. That is, PCC members are not only carriers, but they are also shippers--shippers who use the services of for-hire carriers.

We are equally concerned as shippers with the impact of a precipitous funding cutback of the ICC. We have been pleased with the increase in the price and service options offered by motor carriers since enactment of the Motor Carrier Act of 1980. We anticipate further benefits to shippers and the consuming public as the last vestiges of regulation are eliminated.

On the other hand, we fear that many unwanted and unexpected consequences could result from a budgetary strangulation of the Commission.

For example, the Interstate Commerce Act still permits motor carriers to engage in collective price-fixing. Failure to fund the ICC will have no adverse effect on rate bureau activities. Even worse, though, the oversight mechanism provided by the ICC--weak though it may be--would be eliminated.

Unless Congress acts to abolish collective ratemaking or to transfer the oversight functions to another Federal agency, rate bureaus will enjoy a new-found freedom to operate without government scrutiny.

Shippers also want the assurance that the carriers they use meet minimum levels of financial responsibility. And, especially in the midst of the current insurance crisis, we must make sure that all carriers have the liability insurance required by Federal regulations. The ICC is involved in these areas and, in fact, has been actively monitoring motor carriers to assure shippers and the public that uninsured trucks aren't operated on our nation's highways. This role must be preserved. But simple failure to fund the ICC would only result in a lack of monitoring and enforcement, leading, inevitably, to a greater number of uninsured trucks on our roads and streets. The PCC urges an orderly transfer of these functions to another Federal agency prior to the demise of the ICC.

Then there is the matter of motor carrier entry regulations. The Motor Carrier Act of 1980 greatly eased the entry standard for both common and contract carriage. Yet the ICC is still required to issue certificates and permits--without which a carrier may not legally operate. One former ICC Chairman characterized the routine annual granting of thousands of application as "meaningless paper shuffling."

Unfortunately, cutting off the ICC's funding could result in a swift halt to any new operating authorities--resulting in far tighter entry controls than we've ever seen at the Commission. This would paralyze an industry that, responding to the Motor Carrier Act of 1980, has been moving to a more open, competitive, and efficient system. Congress would be wise to eliminate the requirement that such certificates and permits be issued, so that the sunset of the ICC does not result in a halt of new motor carrier entrants, or in a stop in creation of new dual-authority carriers.

It perhaps seems strange that an association that so obviously has benefitted from deregulation and that is pushing for the ICC's sunset is seeking to preserve that regulatory agency's funding. However, we believe that in the long run, if the plug is pulled on the Interstate Commerce Commission without some concurrent legislation to reduce the economic controls

over the industry, the result could be total economic chaos for the trucking industry.

Therefore, we believe it would be irresponsible to promote such a solution. In effect, Congress would have a body of law that would be unenforceable. That would leave no practical enforcement of the licensing requirements for motor carrier to ensure the financial fitness and ability entry requirement set by the Motor Carriers Act and the evaluation of the safety fitness of motor carriers, including the monitoring and enforcement of the insurance requirements of the law to protect the interests of the public and owners of the cargo.

We could, however, support the sunseting of the Interstate Commerce Commission provided enabling legislation is introduced which would allow for the deregulation of the trucking industry and provide for the orderly shifting of the remaining regulations such as safety and insurance into the appropriate regulatory bodies. Such an approach is contained in S. 2240 as introduced earlier this year by Sen. Robert Packwood (R-Ore.).

Thank you once again for allowing us the opportunity of commenting on this important legislation.

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